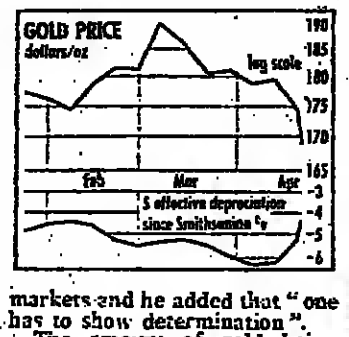


## US selling gold to help boost dollar

It will start auctions of gold bullion from next month in an attempt to improve the monetary role of gold. The dollar has been strengthened but there was scepticism about the reasons because of the small amount of gold to be put up for sale.

## mediate favourable reaction on markets

The US Government's decision to start selling gold bullion from next month has been met with a favourable reaction on the London and New York money markets. The gold price rose sharply, and the dollar strengthened against the pound.



The Treasury's decision to sell gold was seen as a move to support the dollar's value. It was expected that the sale would help to reduce the balance of payments deficit and improve the dollar's position in the world economy.

The sale of gold is part of a broader strategy to strengthen the dollar. The Treasury has also announced measures to reduce government spending and to increase tax revenue.

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## Kidnappers say Moro death claim was forged

From Peter Nichols, Rome, April 20

The Moro tragedy is now back to its beginning with a new message today from the former Prime Minister's captors stating that he is still alive but will be killed if negotiations are not opened within 48 hours. They accuse the Government of having forged the statement of two days ago which stated that he had been killed and his body thrown in a lake.

As evidence that he is alive they sent a photograph of Signor Moro with yesterday's edition of *La Repubblica* to the rival *Roma* newspaper *Il Messaggero*. The newspaper's headline read: "Moro murdered?"

They also indicated their terms for contemplating Signor Moro's release by calling for the liberation of all communist prisoners.

Meanwhile the guerrilla war continues. A senior NCO of the guards of San Vittore prison in Milan was murdered this morning outside his home by terrorists. His death was claimed by the Red Brigades, the far left movement that kidnapped the Christian Democratic Party's chairman on March 16.

The search, where Signor Moro's body was thought to have been dumped in the area around the Lago della Duchessa, went on fruitlessly from dawn. It served at least to find and identify the corpse of a shepherd which had, in early reports, been said to be that of Signor Moro.

Tension ran high in the corridors of Parliament with one particularly bitter exchange of insults between a Communist and a representative of the far left.

The latest statement from the kidnappers has given some hope to the hard-pressed leadership of the Christian Democratic Party.

The one woman minister in the Government, Signora Tina Anselmi, who is in charge of health and is close to the Moro family, called today on Signor Moro with the new message.

The earlier message which the kidnappers claim was a forgery was in fact only issued in Rome and not, as is normal, in four cities.

Signor Moro photographed by the Red Brigades with a newspaper report of his "death".



A photograph by Lord Snowdon of the Queen and her first grandson, Peter Phillips, son of Princess Anne and Captain Mark Phillips. Her Majesty is 52 today.

## Deadlock ended on security rating for foreign and defence matters

By Peter Hennessy

A Cabinet committee on official secrecy, chaired by the Prime Minister, has broken its deadlock on the definition of boundaries of a new security classification for defence and foreign affairs after an initiative by Dr David Owen, Foreign and Commonwealth Secretary.

The preparation of legislative proposals intended to supersede the all-embracing, unworkable provisions of section two of the Official Secrets Act, 1911, broke down last summer on the question of novel, hybrid security classification.

It was fashioned to cover matters of great but temporary sensitivity, like the negotiating position of her Majesty's Government on the live of international - discussions with foreign Powers.

Dr Owen resolved the impasse by telling colleagues on the Prime Minister's committee that the Foreign Office was prepared to live with the risk of embarrassing, unauthorized disclosures in those areas without the final sanction of the criminal law available in the background should the source of the leak be discovered.

In that field, as in all others of the law, Whitehall will rely on Civil Service discipline to discourage leakages. Should an official be uncovered as the source of an unauthorized disclosure, his or her career prospects will be jeopardized.

A White Paper on official secrets and information, embodying the Government's proposals, will be published in the next six weeks by the Home Office. It has been difficult for Mr Merlyn Rees, the Home Secretary, to sustain the interest of fellow ministers in reform of the Official Secrets Act since the Cabinet committee decided last October to abandon the idea of an official information Bill this session and instead to draft a White Paper designed to test parliamentary opinion.

Ministers shrank from preparing a new statute for two reasons. The less reformist, more pragmatic Mr Jenkins, then, were alarmed at the very real prospect of backbench MPs of all parties combining to attach unwelcome disclosure clauses to any measure before the Commons. The more liberal members in the Cabinet developed grave doubts about the wisdom of replacing an unworkable Act with one that would secure conviction in the courts.

To deference to their feelings, the White Paper will contain some material on a more open system of government. It will do no more, however, than restate the Government's intention, announced last July

though not always observed to date, to release more background and analytical material once policy decisions have been announced.

In the absence of an imminent ministerial intention to legislate in that area, the Home Office has yet to draft a new official information Bill.

One notable feature in the spasmodic progress of Mr Callaghan's committee towards drafting a White Paper has been the robustness of Mr Denis Healey, Chancellor of the exchequer, which has left a vivid impression. With the full support of Treasury officials, the Chancellor convinced his colleagues that the criminal law should be kept out of financial and economic matters.

The Franks committee, of which Mr Rees then in opposition was a member, reported in 1972 that economic information that might jeopardize the currency and the reserves should remain a protected category. Since then the Treasury has learnt to live with the wisdom of replacing an unworkable Act with one that would secure conviction in the courts.

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## Speaker rules today on DPP's right to protect Colonel B

By Michael Hatfield, Political Reporter

The Speaker is to rule today on the DPP's right to protect Colonel B. The Speaker's decision is expected to be a landmark one in the history of the House of Commons.

His decision to make his views known came as a dramatic climax to developments in the Commons which began when four Labour backbenchers named the signals intelligence officer who was the main prosecution witness in a court case and who has been known as Colonel B. They were covered by parliamentary privilege.

However, it was a Conservative MP, Mr Graham Page, who moved that the DPP was in contempt.

Early radio and television broadcasts, reporting direct what was stated in Parliament, named the colonel, but confusion arose later when the Director of Public Prosecutions issued his memorandum.

When eight backbenchers protested about his action the memorandum was read out in the Commons to allege that the DPP was in contempt of Parliament.

Both Labour and Conservative backbenchers protested that the DPP's action was in contempt of the Commons because it could lead to the censoring of proper reporting of parliamentary proceedings.

Mr Jeffrey Hooker (Lab, Birmingham, Perry Barr) said the memorandum flew in the face of all that MPs thought the Commons stood for. In the sense that our proceedings are published factually, accurately and without prejudice to the public outside by the media.

It was the intervention of Mr Graham Page, Conservative MP for Crosby, that heightened the drama in the Chamber because it demonstrated that the anxiety of feeling transcended party lines.

He told the Speaker "What the DPP has said, and I have the report of it in my hands, is that even although it be fair reporting of our proceedings in the House, to repeat the name outside may be a contempt of court. That seems to me to be a contempt of Parliament to give that direction to newspapers who are absolutely entitled and absolutely privileged to report our proceedings in this House."

Mr Page then stated, to murmurs of agreement, "What the House will want to know is whether the DPP, who comes directly under the law officers, received any instructions from the law officers to make this statement. It is vitally important to the other hon. members facing trial under the Official Secrets Act over the Time Out articles (our Labour Staff writes).

Mr Aubrey, who says he faces up to 14 years' imprisonment, is a delegate at the NUJ conference. He has to report regularly to the police under the terms of his bail.

is to protect the privileges of this House and I only rule on contempt as a matter of fact."

Two journalists and a former army corporal are being prosecuted under the Official Secrets Act over articles that appeared in the magazine *Time Out*, and contempt of court actions are to be heard in the High Court on Monday against the National Union of Journalists and two radical magazines, *The Liberator* and *Peace News*, for naming the colonel.

The first MP to name him was Miss Josephine Richardson (Barking), who asked Mr Michael Foot, Leader of the House, if he would try to find time for a debate on press freedom in view of the restriction of press freedom in connexion with the case of the colonel.

Two other backbenchers who also named the officer in questions to Mr Foot were: Mr Christopher Price (Lewisham, West), Mr Robert Kilroy-Silk (Ormskirk) and Mr Ronald Thomas (Bristol, North West).

No action can be taken against the MPs, either under the Official Secrets Act or for possible contempt of court, because they are protected by privileges when speaking in the Chamber. Conservative MPs deplored what took place but said nothing could be done.

There were suggestions that the Speaker, who was given no chance to halt the MPs because the colonel's name was used at the end of their questions, may rule today on the question of privilege, but that was being discounted last night.

Mr Thomas said afterwards that the MPs acted as they did because they were incensed at the letter sent by the Government to the executive of the NUJ asking that Colonel B should not be named.

Nine Labour backbenchers wrote to the Attorney General yesterday expressing concern at the threatened charges against the NUJ for contempt of court. [Text of letter, page 2.] They avoided naming the colonel in the letter because they would have run the risk of contempt if they had. An MP's correspondence is not covered by privilege.

The political irony of yesterday's dispute over the four Labour backbenchers was that before it occurred Mrs Thatcher, Leader of the Opposition, announced that she had asked Lord Rawlinson of Ewell to chair a committee to advise her on official reports on contempt of court, defamation and the Official Secrets Act.

Journalists' protest march: Journalists including Lady Jane Wellesey, a delegate from London Radio branch, marched from their annual conference in Whiteley Bay to the town's police station yesterday with Mr Crispin Aubrey, one of the three men facing trial under the Official Secrets Act over the Time Out articles (our Labour Staff writes).

Mr Aubrey, who says he faces up to 14 years' imprisonment, is a delegate at the NUJ conference. He has to report regularly to the police under the terms of his bail.

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## ig transition ed for applicants

Its proposals for coping with the transition from the old to the new Commission has come out in following a transition period of years for Greece, Spain and at the same time it says that it will be made now on restructuring throughout the "Twelve" to deal with the crisis that enlargement is bringing, especially for Britain.

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## 'Mass deception' in repatriation

The British military authorities used brutality and a "detailed scheme of deception" in the repatriation of Russians from Italy at the end of the war, according to an anonymous report disclosed in the third volume of the file on Operation Keelhaul.

Several hundred agents of the Federal Bureau of Investigation demonstrated outside a court in Washington in support of three former bureau chiefs accused of using illegal search methods.

The three were applauded by the protesters when they left the building later on release without bail after pleading not guilty.

A brooch containing two emeralds, thought to have been acquired by Clive of India from the Nawab's treasury of Marathadab, fetched £250,000 at Sotheby's. The emeralds had been mounted with diamonds and the brooch was sent for auction by the Duke of Northumberland.

## Salt talks begin

Mr Cyrus Vance and Mr Andrei Gromyko both described as "exceptionally important" the strategic arms limitation talks which began in Moscow. They expressed hopes that the talks would be successful but neither side flinched from detailing points of disagreement.

The first attempt to climb Everest without oxygen has begun. The aftermath of severe weather during winter has already forced the two climbers, Reinhold Messner and Peter Habeler, to modify their plans. They are now starting on the Lhotse face.

Wales Bill repairs: The Government will repair, with conditional Conservative help, damage done to the Wales Bill in Wednesday's Commons votes.

Yugoslavia: A three-page Special Report on the most delicately placed country in Europe.

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Leading articles: The Wales Bill; Police right to strike; Airport landing systems.  
Features: pages 13 and 18  
Michael Baily on Britain's shipping role inside the EEC; Bernard Levin writes about cars.  
Arts, page 9  
Michael Radcliffe on *Men of Ideas* (BBC); David Robinson on the new films in London; Stanley Sadleir on *Uccello* (Coliseum).  
Obituary, page 20  
Sir Arnold Plant; Prof. Sir P. C. Sylvestor-Bradley.  
Sport, pages 10 and 11  
Golf: Howard Clark leads in Spanish Open; Football: Manchester manager talks to Norman Fox about his team's aggressiveness.  
Business News, pages 21-22  
Stock markets: Share prices lost ground sharply on sterling doubts and the FT index closed 6.8 lower at 454.8.  
Financial Editor: Dunlop's tyre problems; Lloyd's "an inevitable decision"; Giltis waiting for a new "tap".  
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## HOME NEWS

## Government deal for Services likely to exceed 10 per cent

By Fred Emery  
Political Editor

The Cabinet yesterday decided the size of the pay rise for the Armed Forces but it will not be disclosed until a statement is made to the Commons next week.

Speculation that the average rise will be 14 per cent was denied in Whitehall. But it emerged that the 30 per cent increase demanded by Mr Winston Churchill, a junior opposition spokesman on defence, is not the official position of the Shadow Cabinet.

Mrs Margaret Thatcher believes that the Services should receive more than the 10 per cent maximum under the Government's pay guideline, but she is unlikely to embrace a figure that might bring the accusation of irresponsibility regarding inflation.

Mr Churchill complained to the Prime Minister at question time in the Commons that it would be wrong to penalize Servicemen for the next 12 months merely because they had been badly treated over the past two years. He was referring to the fact that Service pay had fallen more than 30 per cent behind average industrial earnings since April, 1975.

An increase of less than 30 per cent would be perpetuating a gross injustice, he said. Mr James Callaghan promised that the factors mentioned would be taken into account before the statement was issued.

Henry Stanhope, Defence Correspondent, writes: The award will consist of a 10 per

cent rise, plus a small percentage increase on the "X factor", which is added to basic pay to compensate for the dangers and discomforts of life in uniform, and a promise of more to come later, probably within 12 months.

There is also likely to be an increase in food and accommodation charges, but not so much that it will obliterate the overall increase, as happened last April.

Reports of the overall 14 per cent rise, consisting of 10 per cent plus 4 per cent on the "X factor" are understood to be an over-simplification of the package. The "X-factor" is paid as a proportion of basic pay and varies between 10 per cent for most men and 5 per cent for women. Even if it was raised by 4 per cent it would not necessarily mean a 14 per cent increase for all.

Servicemen and their wives complained that a 14 per cent rise would not be enough to restore shattered morale. Members of the Electrical, Electronics, Telecommunications and Plumbing Union who have been restricted to a 10 per cent pay rise, protested that it was too high. Mr Peter Adams, national officer of the union, whose members maintain important Service equipment, said: "Our men are often paid less than the Servicemen."

The most important part of the deal will be the "more later" clause. Most Servicemen recognize the Government's difficulties but they want to see a firm date by which comparability with civilian pay scales will be restored.

## Builders' unions recommend pay formula

By Our Labour Editor

Building union leaders are recommending a provisional pay settlement calculated to be within the Government's pay restraint guidelines for 800,000 workers in the construction industry.

The Building and Civil Engineering Joint Board yesterday reached agreement on a formula that will augment average earnings by £7.35 a week.

Although the employers have not conceded reducing the 40-hour week in response to a union demand for a 35-hour week, the two sides agreed to take an active part in any future discussions on working hours by industry generally.

## Scots TUC call to end shipyard compensation

The Scottish TUC annual meeting in Aberdeen yesterday called on the Government to re-examine compensation to former owners of Britain's shipyards.

It welcomed the nationalization of British shipbuilding and demanded that there should be no contraction or closure. Mr Tom Dougan, of the Amalgamated Union of Engineering Workers said that if the industry had not been nationalized thousands of its workers would be unemployed. The Japanese would have swallowed the industry.

No compensation must be paid, he said. "In the past twenty years we have lost 50,000 jobs. We say we should use this money for a new, larger intervention fund."

## NUJ dismissal protest disrupts regional newspapers

From Christopher Thomas  
Labour Reporter

Whitley Bay

Regional newspapers published by the Thomson Organisation are being disrupted by the National Union of Journalists in protest at the dismissal of 77 members in Hemel Hempstead, Hertfordshire.

The union's policy-making conference at Whitley Bay yesterday approved an emergency motion urging the national executive to order disruptive action throughout the Thomson Organisation, which controls *The Times* and *The Sunday Times* and publishes books and magazines.

Most Thomson regional newspapers are being affected by sanctions of varying severity. The Hemel Hempstead journalists were dismissed on Monday after operating sanctions during two periods this year, totalling five weeks, which disrupted production of the *Evening Post*.

Mr John Rees, the editor, has produced the paper single-handed since Monday. The journalists, all NUJ members except the deputy sports editor, imposed sanctions in pursuit of a pay and productivity deal. They rejected an offer of £3.11 a week in exchange for the non-filling of editorial vacancies.

It is against NUJ national policy to exchange jobs for money. The local management said it had done its best within Department of Employment guidelines.

About 170 Newcastle upon Tyne-based journalists at *The Journal*, a morning newspaper, and the *Evening Chronicle* are holding permanent mandatory union meetings and the newspapers are being produced by the editors, Mr Graham Stanton and Mr Geoffrey Baylis. *The Sunday Sun* in the same town may be in the same position.

The Newcastle and Hemel Hempstead journalists are to receive £25 a week dispute pay. The Reading *Evening Post* was produced single-handed by Mr Peter Hiley, the editor, on Monday and Tuesday. On Wednesday the journalists resumed work but have been imposing heavy sanctions.

The sanctions being applied with varying severity throughout the Thomson Regional Newspaper group include refusal to work outside normal office hours, refusal to allow junior reporters to stand in for seniors in certain circumstances, refusal to handle non-NUJ copy with the exception of readers' letters and refusal to do more than one job at a time.

The Hemel Hempstead journalists take home on average £53 a week. The top basic rate is £73. They received a £7.09 a week annual pay rise from January 1, along with other provincial journalists.

Westminster Press, one of the biggest provincial newspaper publishers, also faces protest action by journalists in support of five chapels (office sections) that have failed to reach agreement on backdating of the national pay settlement.

Journalists at all other newspapers belonging to the Newspaper Society have reached agreement. The union's conference endorsed an executive decision to call strikes in the five chapels and urged the involvement of chapels in and outside Westminster Press.

It rejected a move to reopen merger talks with the rival Institute of Journalists, and took a soft line on the closed shop issue. The union spent £160,000 in a six-month strike for a closed shop at Darlington last year which ended in failure.

'Telegraph' dispute: The *Daily Telegraph* lost 400,000 copies of its southern editions yesterday

after a dispute with machine room workers (our Labour Staff writes). It caused significant losses of Wednesday's edition. The management last night put the figure for those at 230,000. Production was halted for a time during Wednesday night after members of the machine room chapel of the National Society of Operative Printers, Graphical and Media Personnel (Nasopa) objected to an explanation of the losses in yesterday's *Daily Telegraph*.

The newspaper was expected to appear normally today. The management and the chapel failed to agree on the content of a letter from the chapel intended for publication, but a fresh one is likely to be submitted today.

The management said that losses on Tuesday night had been caused by a dispute about when employees would receive backdated rises under recently negotiated national agreements.

## Threat to bread from weekend in the balance

The threat to bread supplies from the weekend was in the balance last night after a day of talks between the main bakery union and the employers.

The talks, aimed at averting an overtime ban by the Bakers' Food and Allied Workers' Union in protest at the decision of the Spillers company to close 23 bakeries, will be resumed this morning.

It emerged during the discussions that the Federation of Bakers has accepted the "principle" of a five-day week in the industry, to be introduced in the words of an official "as soon as possible and wherever practicable".

A change to a five-shift week for the 21,000 workers the union says now work six shifts was a key part of the job creation

package sought yesterday by the union in an attempt to save up to 4,000 jobs threatened by the closures.

The employers' move towards a five-day week was disclosed in the Commons yesterday by Mr John Silkin, Minister of Agriculture, Fisheries and Food.

The news was given to the union several days ago but was not considered a reason to call off the overtime ban.

Yesterday's discussions, about which both sides were reluctant to give details, appear to have centred on how fast a five-day week could be achieved, whether it would create jobs and what compensation there would be for loss of overtime earnings.

A union official said after the talks: "We have made some progress."

## Move to stop a Front meeting fails

The Anti-Nazi League has failed in an attempt to prevent the National Front from holding an election meeting in a school in Leeds on Saturday.

Solicitors for the league wrote to the city council seeking assurances that it would be a proper public meeting, under the Representation of the People Act of 1949, or else that it should be banned.

Mr Rawnsley, the council's director of administration, replied saying there was no reason to believe that it would not be a public meeting.

The Inner London Education Authority rejected an application by a National Front candidate in Lewisham to use Deptford Park Junior School for a public election meeting.

## Tory private study group to examine referendums

By Our Political Editor

Mrs Margaret Thatcher has set up a small private study group to advise whether a new law enabling referendums to be put to the British people should be introduced by a future Conservative government.

The proposal was later made Shadow Cabinet policy. Mrs Thatcher told the party conference in Blackpool in October that it was only in the context of unions deciding to get rid of a Conservative government—never arise—that she would, by referendum, "let the people speak" and show the govern-

ment whether it had popular support.

Referring to the issue now apparently has nothing to do with this week's accidental disclosure in *The Times* of the secret party report to Mrs Thatcher on possible future clash with unions. It is argued that the move Mrs Thatcher has made up the subject (back to Balfour) the more she has accepted the case for referendums as perhaps one answer to charges needed to make British institutions more responsive.

At present the Leader of the Opposition holds that it is constitutional issues that are best tested in a referendum.

The study under way is apparently looking at all kinds of referendums that could be introduced under a new enabling law. It is said to draw inspiration from a book by Mr Philip Goodhart, Conservative MP for Bromley, Beckenham, as well as the call for reform by Lord Hailsham of St Marylebone in his new book.

## Shell workers order strike

An official strike from 5 am today by members of two white-collar unions working at Shell oil terminals throughout Britain was ordered yesterday. At issue is a pay claim.

The Association of Scientific, Technical and Managerial Staffs and the Association of Clerical, Technical and Supervisory Staffs said they had first-imposed internal sanctions but after a "lock-out" by Shell at Wanda, north London, walkouts spread across the country.

## Chemical 'only mildly toxic'

Dr Arnold Coleman, managing director of Re-Chem International, which wants to destroy 50 tonnes of a chemical, Kepone, at Pontypool, South Wales, said yesterday that the substance had been inaccurately described as a killer.

There have been many protests against the plan to destroy Kepone, but Mr James Garrison, a spokesman for Allied Chemical Corporation, an American company, which makes the chemical, told a Cardiff press conference yesterday that it was only a mildly toxic pesticide.

## Elvis Presley in court

Elvis Aaron Presley, aged 22, of Ashton Street, Trowbridge, Wiltshire, an unemployed plasterer, who changed his name four years ago to that of the dead singer, was given a six-month suspended prison sentence by Trowbridge magistrates yesterday for handling a leather jacket, knowing it to be stolen.

Baby dies after fall

A 10-week-old girl died in Wolverhampton yesterday after her mother, Gurdev Kaur, had tried to rescue her from a fire by jumping from a bedroom window.

## MPs told of 'sex shifts'

Parliament has made the police ineffective in combating prostitution, a group of MPs was told yesterday.

Mr John Campbell, a restaurateur in Shepherd Market, Mayfair, London, was speaking to an all-party group on the effects of the Sexual Offences Act 1967. He said it had led to the development of "red light districts, which are uniquely evil areas of concentrated public sex".

Life in Shepherd Market had become intolerable. Since January, 1977, there had been five murders, a suicide, three cases of arson, and 35 other violent incidents, all connected with prostitution and the criminal activity that had inevitably followed it into the area.

There were 50 brothels operating shift systems in a

quarter of a mile in one street. Owners of rooms were charging £300 for a bed shift, and in many cases women were queuing to get into rooms.

Mr Campbell is chairman of the Save Shepherd Market Campaign. It proposes the suppression by the police of the undesirable methods of sexual introduction, such as red light districts, massage and sauna parlours, and night clubs.

It also advocates the licensing by magistrates of escort agencies, massage services and other establishments, which it regards as the most offensive method of introduction.

Mr Campbell said that sexual introductions should be licensed in the way as introductions to drinking.

## Livestock firm fined over cattle that died

The British Livestock Company and Jonathan Pyper, one of its stockmen, were fined £6,500 by magistrates at Crawley, Sussex, yesterday, on charges arising out of the death of 28 pedigree cattle bought from Kuwait from Garwick airport.

The charges arose from the death of 28 pregnant Friesians, part of a consignment of 75 in a transport DC8 at the airport last October. They were said to have suffered from oxygen starvation and heat stroke.

The British Livestock Company, which owned the cattle, Mr Pyper, Charlwood International Aviation, the agents, and Barry Nicholas Pyper, the flight coordinator, denied 315 charges under the Transit of Animals (General) Order.

The British Livestock Company and Mr Pyper were each found guilty on 37 charges of not ensuring unimpeded access to the animals and failing to ensure that they would not suffer through inadequate supplies of fresh air. Both were fined a total of £450 on nine charges concerning access and £2,800 each on 28 charges relating to inadequate fresh air. A further 122 charges against them were dismissed.

Charlwood International and Mr Pyper were cleared on 120 charges of aiding and abetting and awarded £1,000 joint costs. Another employee of British Livestock, cleared earlier, was given costs of £250.

## Lords allow plea by Cypriot

The House of Lords yesterday allowed an appeal by Kyriakos Maron Kallias of Whitton Street, Bethnal Green, London, a former member of the EOKA-B organization, against extradition to Cyprus on a five-year-old murder charge.

The Law Lords said they would give the reasons

## Weather forecast and recordings



Today	5.33 am	8.7 pm	5.33 am	8.7 pm
Full moon	April 23	April 23	Full moon	April 23
High	1.12 am	1.12 am	High	1.12 am
Low	6.4m (21.0ft)	1.38 pm	Low	6.4m (21.0ft)
High	6.4m (21.0ft)	1.38 pm	High	6.4m (21.0ft)
Low	12.3m (40.3ft)	7.15 pm	Low	12.3m (40.3ft)
High	11.7 pm	6.4m (21.0ft)	High	11.7 pm
Low	11.7 pm	6.4m (21.0ft)	Low	11.7 pm
High	11.7 pm	6.4m (21.0ft)	High	11.7 pm
Low	11.7 pm	6.4m (21.0ft)	Low	11.7 pm

## Prison staff resent use of security company

By Peter Evans  
Home Affairs Correspondent

The Home Office favours by present officers its employment of security private security company escort to prison. It is detained under the Prison Act. Complaints about use of Securix have been made by the Federation and the Prisoners' branch of the Society of Civil and Public Servants.

Pentonville branch of Prison Officers' Association will try to get its annual conference next month to pass a resolution that from July 1979, Securix shall be replaced by a "private security company" of any type, "active or passive".

Detainees are held seeking entry to Britain or their "credentials" can be checked or right to be decided. Some are sent to Pentonville from Harrow north London, where Securix are also used.

The prison governor of the Society of Civil and Public Servants has the Commons' Express Committee of its concern the continuing use of a commercial security organization to staff the detention camp at Harmondsworth.

The Home Office said yesterday that since the beginning of the year more than five hundred detainees had been at Harmondsworth. This had absconded since the beginning of this month persons had been moved. Securix escorts from Harmondsworth or Queens' Inn, Harmondsworth, to the prison.

One of the main arguments of the use of Securix is a profit-making company paid to provide funds to hold people. The critics say it is very difficult to guard money or property, particularly if paid to the people who own it.

Securix referred me to the Home Office, which an official said, it was the practice to discuss a case with the Home Office.

The Home Office favours use of Securix on grounds of cheapness, flexibility, made possible the spread of the camp services throughout. In the case of Haringey, Securix is the mainstay of the prison at Haringey, Harmondsworth and Gatwick airport.

The people being guarded by Securix are held under Immigration Act and are not lawfully in the country. An immigration officer is escorted from their place of detention, and not from the airport. Those under the Office's normal approval for a member of the Service.

Mr David Heywood, assistant secretary of the Society of Civil and Public Servants, with particular reference to the prison's "pays" and "immigration" branches, said: "The so-called 'private security' for duties of private individuals who have no statutory duty and are accountable to one."

Association members. Securix is "encroaching their job."

with 7 possible staff bonds

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MALAYSIA

SINGAPORE

INDONESIA

THAILAND

VIETNAM

CAMBODIA

LAOS

BURMA

MYANMAR

SRI LANKA

CEYLON

INDIA

PAKISTAN

AFGHANISTAN

IRAN

IRAQ

JORDAN

SYRIA

LEBANON

ISRAEL

YEMEN

OMAN

KUWAIT

SAUDI ARABIA

QATAR

Bahrain

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THE QUEEN'S AWARD FOR EXPORT ACHIEVEMENT 1978

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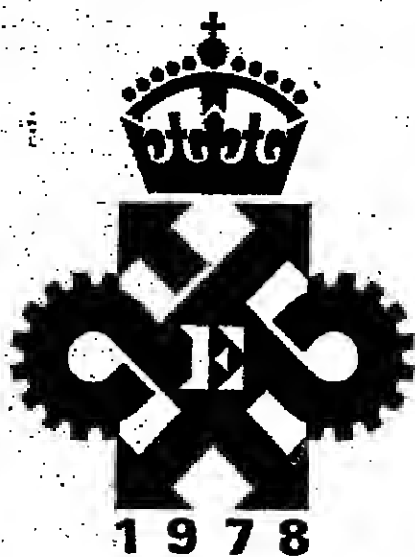
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*Handwritten signature: J. H. Smith*





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 CAMEROON: Compagnie Soudanaise, Douala.  
 CAPE VERDE ISLANDS: Ricardo Jose Serradas & Co Ltd, St Vincent.  
 CENTRAL AFRICAN EMPIRE: Compagnie Soudanaise, Bangui.  
 CHAD: Compagnie Soudanaise, Njamena.  
 CONGO BRAZZAVILLE: S.A.I.V.A., Brazzaville.  
 GABON: Compagnie Soudanaise, Libreville.  
 GHANA: Ghana Tourist Development Corporation, Accra.  
 IVORY COAST: Ogema, Abidjan.  
 KENYA: Gilbeys East Africa Ltd, Nairobi.  
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 MALAWI: Malawi Distilleries Ltd, Blantyre.  
 MAURITIUS: Gilbeys (Mauritius) Ltd, Port Louis.  
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 NIGER: Compagnie Soudanaise, Niamey.  
 NIGERIA: F.M. Marshall & Co Ltd, Lagos.  
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 SENEGAL: Ets Martre Frères, Dakar.  
 SEYCHELLES: Victoria Super, Victoria.  
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 SOUTH AFRICA: Gilbey Distillers & Vintners (Pty) Ltd, Stellenbosch.  
 SOUTH WEST AFRICA: Gilbey & Tauber (Pty) Ltd, Windhoek.  
 SUDAN: Acropole Hotel, Khartoum.  
 SWAZILAND: Gilbeys (Swaziland), Manzini.  
 TOGO: Joseph Barsouma, Lomé.  
 TUNISIA: S.T.I.L., Tunis.  
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 MALTA: Paolo Bonnici & Co, Valletta.  
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 VENEZUELA: Trafalgar de Venezuela C.A., Caracas.

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# J & B

## RARE

## SCOTCH WHISKY









## HOME NEWS

Britain's food, 4: Industry sensitive to criticism

## Many new laws but little change

A textbook published in 1912 told students of food science how to spot potato starch in flour. Hour in mustard, ground date-stones masquerading as coffee, and lard used to adulterate butter.

At the beginning of 1978 Marion Gordon wrote in *How To Be Exploited: "Amaranth is used in blackcurrant drinks to cover up the fact that the natural colour fades to brown after three months and would therefore look less appealing to consumers on the shop shelves. Since by that time it has lost most of its vitamin C content as well, consumers are doubly deceived."*

It looks as if nothing has changed despite the growth in detailed laws about health, hygiene, packing and labelling that govern every aspect of the work of the food industry. When the Food and Drink Industries Council had read Marion Gordon's book, it said: "If anyone doubted that our whole industry was under unrestrained attack, the evidence is there."

The industry is proud of producing cheap and variegated food so efficiently that most of the working population can be fed adequately without making any contribution to the production of food. It is acutely sensitive to criticism and has reacted with despair, anger and finally guile to the growth of the organized consumer lobby.

Ministers have recognized the inadequacy of much food law by ordering reviews of much of it, ranging from the wording of sausage labels to the much wider question of defining what is wholesome, and fairly presented.

Something else that demands improvement is Britain's attitude to EEC food policy. The 1975 White Paper, *Food from our own Resources*, was published just before the EEC referendum campaign ended with a national vote to remain in the Community. It approached self-sufficiency on the basis of what could be produced in Britain.

Before the next edition of the White Paper is published the Government and those it consults must decide what they think the EEC is for. They must decide how far they want to accept that British self-sufficiency is part of a wider EEC issue and whether they consider that Community self-sufficiency should be decided by the extent to which the whole EEC can meet the demands of all of its population.

For example, should Britain's plan to enlarge home output of sugar beet and reduce dependence on tropical cane imports be curtailed because some Community countries grow more beet than they can use? It is hard for an island race to accept supplies from overseas as strategically equivalent to its own. It is much easier for those other countries to look on Britain as a legitimate dumping ground for their unavoidable food surpluses.

Domestic supplies of almost half of our bacon and the Irish Republic much of our butter, cheese and store cattle. Holland wants to sell more ham in the country, and France, West Germany, Italy and the three applicant countries to the

EEC all see Britain as a prima outlet for their food and drink.

A national food policy must take account of the way food is produced as well as the amount. The apocalyptic view of the approaching doom of fuel-hungry technological food production was given authoritative support at the Oxford Farming Conference in January.

Distance-water fishing is one of the costliest ways of producing food, in terms of energy. Farming has reduced labour at the expense of increasing dependence on machinery and the fuel that powers it. Sir Kenneth Blaxter, director of the Rowett Research Institute, Aberdeen, said at Oxford: "Our present farming methods have developed because oil has been cheap."

He found it "a sobering thought" that in the period in which farm yields had doubled, the input of nitrogen fertilizer had risen 20-fold. "We are going to run desperately short of oil in a matter of decades", he added.

The 1975 White Paper paid some attention to such issues. But it was much more interested in establishing how much extra food farmers could be expected to produce.

The new version should be much wider than that. It should examine in detail changes to consumption, nutritional needs, the presence of the EEC and its likely enlargement. It should also consider how far the elimination of waste in the food chain will exceed its cost, and those in art or agriculture colleges and college principals, which is represented on the Burnham Committee, the national negotiating body for all further education teachers' salaries.

Teachers, the service had had to balance those views against other considerations, "including the employment policies desired by management, and the existing negotiating procedures".

The National Association of Teachers in Further and Higher Education has 70,000 members, representing about four fifths of the teachers in polytechnics, and colleges of further and higher education outside the universities. The Association of Polytechnic Teachers has 3,500 members, representing a quarter of the staffs in the 30 polytechnics.

The national association, which is affiliated to the TUC, is the only union for teachers in public sector further and higher education, other than those in art or agriculture colleges and college principals, which is represented on the Burnham Committee, the national negotiating body for all further education teachers' salaries.

The Association of Polytechnic Teachers refers to the "inconsistent result of the Acas inquiry". The rate of success of applications by TUC-affiliated unions for recognition through Acas is 98.4 per cent, it says. The rate of success by non-TUC affiliated unions is nil.

## New cancer study unit for Oxford

A cancer research unit that will cost £200,000 a year to run is to be set up at Oxford University, the Imperial Cancer Research Fund announced yesterday.

A team of seven, with support staff, will study the importance of different components of cigarette smoke in producing lung cancer and examine the risk from exposure to small amounts of asbestos. The effect of the contraceptive pill on breast cancer, and the relationship between age and cancer will also be studied.

The cancer epidemiology unit will work under Sir Richard Doll, FRS, Regius Professor of Medicine, and Professor Martin Vessey, Professor of Social and Community Medicine, at Oxford.

The fund, which has been criticized recently for holding on to too much capital, estimates that it will spend £7.8m of its £8.5m income this year.

## Brookings farewell

Professor Ralf Dahrendorf, in *The Times Higher Education Supplement* today, reflects on the missed opportunity to establish a "British Brookings". Professor Jobo Cadogao argues that scientific research in universities has become "a deprived area", and Robin McKie describes the task before the *Finlayson* inquiry on engineering.

## Tories to seek changes in Bail Act procedures

By Peter Evans  
Home Affairs Correspondent

The Conservatives are to press the Home Secretary to change procedures under the new Bail Act so that court time is not wasted. As reported in *The Times* yesterday the extra paper work has started to slow the work of the courts.

Mr Edward Gardner, QC, MP, an opposition spokesman on home affairs, is to ask Mr Merlyn Rees, Home Secretary, what he intends to do to amend forms and procedures. He complained to the Statutory Instruments Committee of the Commons earlier this week on behalf of

the Magistrates' Association and Justices' Clerks' Society.

He told the committee that the forms that had to be filled in by a magistrates' court refusing bail would be unintelligible to most unrepresented defendants.

Before the Bail Act came into force this week the decision on bail was usually registered briefly by the bench in the court ledger but now courts have to fill in five forms whether or not a defendant is given bail. Business is halted until it is completed. There are further complications if several defendants appear together and are treated differently.

## Dimbleby relic stolen

The CBE badge, presented to the late Mr Richard Dimbleby, the broadcaster, has been stolen from the family's newspaper group offices in Richmond upon Thames.

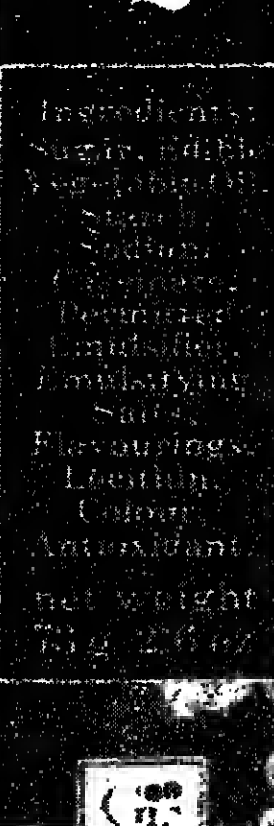
## Teacher for trial

Richard Jenkins, aged 33, a teacher of Hamilton Terrace, St John's Wood, London, who is accused of stealing works of art and antiques valued at £59,000, was sent in custody for trial at Knightsbridge Crown Court from Marlborough Street Magistrates' Court yesterday.

## Heath fire subdued

About sixty firemen from Strathclyde subdued a heath fire 20 miles north of Oban yesterday. At times it stretched eight miles along a mountain range.

## Angel Delight



The ingredients suggest plenty of flavoured but on fruit. The words "strawberry flavour" can each be displayed with equal prominence

## Stricter TB checks for Asians sought

By Our Medical Correspondent  
Stricter health controls are needed on Asian immigrants, the Joint Tuberculosis Committee of the British Thoracic Association says in a report published in the *British Medical Journal* today. Despite a steady decline in the number of cases of tuberculosis reported each year in Britain, the disease remains common among Asian immigrants and its frequency is increasing in some immigrant communities such as the London borough of Brent.

About 1 per cent of new arrivals from India, Pakistan, Bangladesh and the Far East have active tuberculosis. That is 20 times the rate in people born in Britain. Each year four-fifths of those immigrants arrived at terminal three at Heathrow airport, yet only a fifth of them had health checks there, largely because the health control unit has limited staff and only one X-ray machine.

Some countries insist that all immigrants should be immunised, the report adds, but compulsory vaccination is not allowed under British law.

The committee says the immigration authorities should obtain accurate information on the destinations of all new arrivals from Asia, so that the local health authorities can have them examined and treated. All children of immigrants should be vaccinated at birth and checked again when they start school.

## Political fortunes beset by apathy in West Midlands campaign

From Arthur Osman  
Birmingham

Labour's political fortunes in next month's district council elections in West Midlands remain bleak. There seems little sign of any improvement on the dismal performance of last year when a savaging in the county council elections saw Labour reduced to a rump of only 19 members.

The customary apathy of the occasion will again be decisive in what promises to be an even more sluggish campaign than usual. There is of course a succession of commonplace debates but all parties agree that few are of sufficient importance to set the pulses racing or serve as potential rallying points. To all intents and purposes it appears that national politics have sunk them without trace.

Birmingham council tenants have been told of a rent increase of about 80p a week, which is due in June but the few canvassers at work report a resigned response and a shrug of the shoulders as the people ask: "So what else is new?"

The Liberals are pushing the point but as yet do not know if there will be much electoral return to it. In the past two years Birmingham's controlling Conservative group has given a steady performance in the financial sector as it was pledged to do. It has now been able to announce one of the big advantages in its appeal to the owner-occupier by saying that rate increases will be

## Local Elections

At Sandwell Conservatives are fighting each of the 31 seats, including one casual vacancy, and need to win six of the 21 Labour-held seats for control. Since 1975 their performance has improved steadily and in the two years they have taken a total of 17 seats from Labour. The Conservative challenge there and at Wolverhampton is being backed by Mr Michael Heseltine, Opposition spokesman on the environment, with a brisk day of personal persuasion on Wednesday.

The Liberals are fighting about a third of the region's seats, including 23 in Birmingham and 19 at Coventry. They are defending five, including three in Birmingham, one at Solihull and another at Halesowen in the Dudley area. They think there is also a possibility of gaining one or two seats in central Birmingham, which has been rewarding territory for them in past years.

The National Front is continuing to challenge in areas immediately outside those with large coloured populations and although there are 22 candidates fighting in Birmingham, 31 in the West Bromwich part of Sandwell, 21 at Wolverhampton and six at Coventry other parties feel there are some signs of the Front's campaign losing momentum compared with previous years.

Last year, for instance, it promised to contest every seat in Birmingham but in fact has one fewer candidate than the Liberals. It is felt that that may be a signpost for the future.

## A step by step guide to easier take-offs to Europe.

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## Drug firms challenge minister on NHS costs

By John Roper  
Health Services  
Correspondent

The Association of the British Pharmaceutical Industry yesterday challenged official figures on rises in the National Health Service drug bill given at the launching of a campaign to reduce prescribing.

Mr David Ennals, Secretary of State for Social Services, believes that the drug bill has doubled since 1967 at constant prices. But the association said in a statement that at constant prices it had risen by only two-fifths in that period. As a proportion of total NHS expenditure the cost of medicines was less than 8 per cent.

While overprescribing cannot be condoned, its extent has been greatly misrepresented and in economic terms is insignificant in relation to other NHS costs, the association said.

Mr Ennals had not pointed out that a significant factor in the increase in the bill was the government decision in 1974 to make oral contraceptives available on prescription.

Improvements in antenatal care, coupled with impending advances in high technology medicine, could halve the incidence of severe mental handicap in babies in the next few years, the Office of Health Economics says in a report published yesterday.

But the report shows the serious difficulties in making progress and reflects mounting concern that Britain's performance in preventing infant deaths and impairments is apparently lagging behind France, Sweden, and Japan.

Mental Handicap—Ways Forward (OHE, 162 Regent Street, London, W1R 6DD; 35p).



Mr Wedgwood Benn, Secretary of State for Energy, who injured an ankle in a fall on Wednesday, hobbling into 10 Downing Street

## Tories to help Labour repair Wales Bill

By Our Political Editor

The Government is to repair, with conditional Conservative help, the late-night upset on Wednesday to the Wales Bill.

It was agreed yesterday that as matters stood after Conservatives joined with nationalists to inflict possibly an unintended defeat on the Government, the Wales Bill would become effective instantly upon Royal Assent, thereby rendering the subsequently referendum irrelevant.

By a vote of 259-232, a majority against the Government of 27, the Commons had simply deleted clause 22, the so-called "commencement" clause, which provides for the Secretary of State to decide which day the Act comes into force.

A clarification emerged from the confusion to the effect that the Conservatives had been voting to prevent the government from changing constitutional practice.

The Conservatives had kept their grievance largely to themselves, in spite of having down amendments that were not called. They found fault with a provision to override the House of Lords.

In the clause's subsection four there was an "either or"; that the first order should not be made unless "approved by a resolution of each House of Parliament or by a resolution of the House of Commons and confirmed by the House of Lords."

The Conservative leadership detected there an attempt to alter a constitutional practice in a constitutional Bill. Although many Conservative MPs had not the slightest idea what they were voting for, they

were determined to have none of it.

That seems to have been news to the government whips, although they admit that subsection four did represent a change. It was, however, published six months ago.

If the Government will now come back with a revised clause 22, without subsection four, the Conservatives will not object, for they agree that the Bill is nonsense as it stands.

It seems unlikely that the Government will make a big issue of it. Ministers plan to revise clause 22 at report stage the week after next.

However, enough accidents have occurred during the devolution debates to warrant continuing caution.

At question time yesterday the Prime Minister had fun with the Conservatives' posture. As the party opposed to devolution they had voted to get the Bill enacted even before a referendum, he scoffed. They had the impudence to suggest the Bill was a sham. "I agree, and they made it one," he said.

Plaid Cymru, more incensed over passage of the requirement that 40 per cent of the Welsh electorate (as earlier "yes" in a referendum to get the Welsh assembly installed.

The Government moved the necessary amendment, not because it supported the 40 per cent (as its votes showed), but because it accepted that the issue had to be put to the vote. Under the guillotine technicalities that could be done only if the Government so moved.

Parliamentary report, page 12

## Scottish nationalists seek more open government

From Alan Hamilton  
Edinburgh

The Scottish National Party, as if to restore its self-confidence after the disappointment of Glasgow, Garscadden, has drawn up a detailed picture of the kind of government it would like to see in an initially devolved and finally independent Scotland.

The declared principal aim of the party's draft articles for a Scottish constitution, made public in Edinburgh yesterday, is to create a more open style of government than the present public accountability than it believes exists at Westminster. One of the key debates at the party's annual conference next month will be about the draft constitution.

Nationalists have published proposals for a Scottish constitution based on a Bill of Rights and a reformed electoral system. As the Scotland Bill now voyaging through Westminster leaves the details of devolved Scottish government deliberately vague, the main parties north of the border are preparing to fill in the gaps.

The party foresees a Cabinet composed of a Prime Minister and about a dozen ministers, each heading a small department of state responsible for the main areas of government

such as finance, education, health, environment, housing and transport. The aim would be to keep ministries small and specialized.

The party's constitution would be the kind of Cabinet committee whose membership would reflect the prevailing political colour of the parent Scottish assembly but all of whose members would be freely elected from within the assembly rather than appointed by party managers, and without the application of a party whip to their proceedings.

That the SNP thinks would give greater scope for able backbenchers to take part in day-to-day policy-making. Committees should have full power to question civil servants in public and to make them state openly what policy advice they are giving to politicians, it is argued.

One area of concern to the SNP is that there are at present fewer than 200 quasi-official bodies in Scotland, such as the Scottish Development Agency and the Highlands and Islands Development Board, whose chairmanships are in government patronage but which are accountable only indirectly to Parliament. The SNP thinks their number should be reduced, and that there should be more direct political control over them.

## Informers are freed 18 months early

Charles Lowe, the underworld informer who implicated 45 people in burglaries and hijackings and caused several criminal gangs to break up, was released from prison yesterday, 18 months early.

The Home Office, announcing his release, said: "The Home Secretary has decided to

recommend the exercise of the royal prerogative of mercy to grant special remission of the remainder of Mr Charles Lowe's sentence of imprisonment in the light of his assistance in bringing other offenders to justice. Mr Lowe was released accordingly today, 18 months earlier than in the normal course."

The Home Office statement added that the special remission was intended to encourage others to give similar assistance.

## Commission urges economic reorganization and 10-year adjustment for EEC applicants

From Michael Hornsby  
Brussels, April 20

A complicated two-stage transitional period of EEC membership for Greece, Spain and Portugal, greater use of majority voting in the Council of Ministers, and the limiting of each country to one European commissioner are among proposals unveiled here today for coping with the enlargement of the Community from nine members to 12.

Signor Lorenzo Natali, the EEC Commissioner responsible for enlargement, said the Commission's proposals were designed to help the existing member states to reconcile the "political" yes which they had already given the three new applicants with the "economic and institutional" no.

The Commission's long report says that the period of transitional membership for the three applicants cannot be less than five years according to Britain, Denmark and Ireland, and will almost certainly have to be more because of the applicants' more backward economies. But the three new members must at all events be fully integrated within 10 years.

A two-stage process of transition is envisaged. During the

first five years, the applicant countries would be expected to move as far as possible towards full implementation of Community policy on free circulation of goods, competition rules, agriculture, free movement of workers, Community budget contributions and external relations.

At the end of this period the Council of Ministers on a proposal from the Commission would review progress in each sector and determine as necessary extensions of the transitional periods within an overall limit of 10 years.

This represents a compromise between Commissioners such as Mr Roy Jenkins and Mr Christopher Tugendhat from Britain who wanted a short transition period of five years, with few exemptions from Community rules being allowed thereafter, and those who argued for a 10-year period.

The Commission's other main recommendations, which will be discussed by EEC foreign ministers for the first time on May 2, are as follows: Institutions: To prevent total paralysis of the EEC's decision-making machinery, the Commission urges more use of majority voting in the Council of Minis-

ters. This is likely to be strongly resisted by Britain and France which have always insisted on the right of veto to protect vital national interests. The Commission contends that vital national interests must be defined much more strictly.

In preventing the Commission itself becoming unworriedly large, it is recommended that no country should be able to nominate more than one commissioner. This would require Britain, Germany, France and Italy, which now have two commissioners each, to accept the same representation as their smaller partners.

The total number of seats in next year's directly elected European Parliament would have to be raised from the 410 planned to 516, with Greece and Portugal each being allotted 24 and Spain 58, on the basis of population.

Enlargement would increase the number of people employed in agriculture in the EEC by 55 per cent, the area under cultivation by 49 per cent and production by 24 per cent. Existing surpluses of such Mediterranean products as olive oil, wine, fruit and vegetables would increase, though the new members would pro-

vide outlets for other products now in surplus.

Industry: Attention is drawn to the fact that certain industries developing in Spain, Portugal and Greece are concentrated in sectors already in crisis in the EEC, such as textiles, footwear, steel and shipbuilding. This is likely to pose severe difficulties for less dynamic developed economies such as those of Britain and Italy.

A start must be made now, the Commission says, on coordinating industrial policy of the applicant countries with plans for restructuring declining industries in the existing Community. Finance could be provided by the European Investment Bank and special assistance would have to be given to Portugal.

Budget: On present policies, it is estimated, there would be a net annual budgetary transfer from the existing Community to Greece, Spain and Portugal of about £500m. The Commission says that there will have to be a further transfer of resources to the weaker regions of the existing Community, but it gives no indication of the scale of the transfer required.

## Conservatives form closer European links

By David Wood  
European Political Editor

Close relationships between parties of right and centre in nine European countries in and outside the EEC are being forged by the creation of the European Democratic Union (EDU).

The British Conservative Party announced yesterday that it was a foundation member, and Mrs Margaret Thatcher, the party leader, will be in Salzburg on Monday to welcome what she regards as a significant development in aligning West European parties that share much in common, not least (as it would say) in opposition to the encroachment of Marxism.

But it will be no more than an alliance, much on the lines of the cooperation between the European Conservative group and the Christian Democratic group in the European Parliament.

It does not mean that the European Conservative group will be subsumed in the Christian Democratic group, the second largest in the European Parliament, because the latter's strain found among Christian Democrats has long been absent from British politics.

Labour MPs delegated to the European Parliament from the beginning worked within the Socialist group, the majority party; but the British Labour Party so far has not felt able to underwrite the European group's manifesto for direct elections.

Anti-Community and anti-Parliament feeling here and there within the British Labour Party in practice overcomes its internationalist history and theory, and qualifies any total commitment to European Socialist policies. For their part, the Westminster Liberals are fully absorbed in European Liberalism, which spans continental politics almost from left to right.

Foundation members of the EDU will be right and centre parties in Denmark, West Germany, and the United Kingdom (all members of the EEC), with Austria, Finland, Iceland, Norway, Portugal, and Sweden. Up to a point, therefore, it represents an alliance between the parties in the EC and in the countries of the defunct European Free Trade Association and covers West Europe more comprehensively than the Community.

Other parties, including the French Gaullists (UDF), the Gaullists (RPR), and the ruling parties in Spain and Greece will be non-committally represented in Salzburg.

As seen by Mrs Thatcher, Mr Douglas Hurd, frontbencher community spokesman, and Mr John Davis, opposition spokesman on foreign affairs, EDU should be used to provide a framework within which the Conservative Party can co-operate with like-minded parties in the campaign for direct elections to the European Parliament in June, 1979.

Because membership goes beyond the Community it is also intended to make the union a forum for wider discussions, although Mrs Thatcher's announcement, and no doubt her speech, will insist that the parties shall retain their own policy identity.

Mrs Thatcher, as she watched the growth of Euro-communism and the rise of French and Italian Socialists and the Communists, has emphasized more than once the need for a working alliance between centre-right parties, notably at Hannover in 1976 and Rome in 1977.

In Hannover, for example, she said that all West European countries had different problems, but many problems were shared, including the maintenance of free economies.

It is to solve those problems and meet those threats that we should bring ourselves closer together, I am convinced that the Christian Democrats, Conservatives, and centre parties in Europe should join together now in an effective working alliance. This is a task of historic importance in which we should invest all our energies.

Some European observers, noting the geographical extent of EDU to countries that are not involved in direct elections, will be ready to conclude that Mrs Thatcher runs the risk of diluting Community spirit and confusing Community interests, not least because she has not yet a reputation for Euroscepticism to compete with that of Mr Heath.

Nevertheless, there has been a close, if loose and informal association between the Conservative European group and the Christian Democrats and a few months ago the latter's leaders held a conference in London at which Mr Rippon figured prominently.

One practical advantage of keeping the British Conservative identity within the European Parliament, is that procedurally it gives Mr Rippon, as a member of the European Parliament, a more substantial basis of support from parliamentary funds.

## M Barre expounds case for governing France

From Charles Hargrove  
Paris, April 20

Mr Raymond Barre, the French Prime Minister, winding up a two-day debate on confidence, called once again for "discipline, objectivity, and tolerance."

Mr Barre won the vote of confidence handsomely: the vote was 260 for and 197 against, with two abstentions. The Gaullists supported the Government majority was conditional.

M. Yvon Guenot, the political delegate of the Gaullist party, made it clear that the Gaullists would be intransigent on such issues as electoral reform and an opening to the left.

He said: "If an opening to the left became a sort of permanent compromise, a make-believe dialogue, masking the powerlessness of government, we pursue a policy of divide and weaken of the authority of the state. We could not subscribe to it."

"It would hardly be better if this opening were in fact a means of weakening the relative weight of the most powerful group in the Assembly."

What struck most political commentators in the French press today, returning to the earlier part of the debate, was the deliberately apologetic approach adopted by M. Barre.

Le Monde observed that M. Barre was reassuring the Communists, the Gaullists, the Socialists, and the Gaullists, whom he comforted on sensitive matters like national defence, freedom from price controls, aid to families, worker participation and public security.

M. Balleger, chairman of the Communist parliamentary party, speaking as if nothing had happened between the Communists and Socialists, appealed again to the defunct common programme and said his party had done everything to ensure victory. It would continue to work for the union of the left.

The debate showed, however, that the unity of the government majority was conditional. M. Yvon Guenot, the political delegate of the Gaullist party, made it clear that the Gaullists would be intransigent on such issues as electoral reform and an opening to the left.

He said: "If an opening to the left became a sort of permanent compromise, a make-believe dialogue, masking the powerlessness of government, we pursue a policy of divide and weaken of the authority of the state. We could not subscribe to it."

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## Call for stronger measures on pollution by ships

From Our Correspondent  
Geneva, April 20

In view of the pollution caused by the 220,000 tons of oil spilled from the tanker Amoco Cadiz, the United Nations Conference on the Law of the Sea is to tighten provisions relating to pollution from ships.

Mr Elliot Richardson, the American delegate, called for a revision of the draft treaty provision that coastal states have the right to impose punishments for pollution in the territorial sea be limited to monetary penalties.

He said the system for enforcing protection within the proposed 200-mile economic zone was manifestly insufficient both as regards navigation and environment.

M. Guy de Lacharrière, the French delegate, underlined the need for precise definition, permitting the application of anti-pollution measures "at a very early stage."

The present draft says only that measures shall be "in accordance with international law" and "proportionate" to the contingency.

The Soviet Union and Canada were among countries supporting the need for improvements in the draft text.

British delegates said that London and Paris were proposing modifications in shipping lanes off Usbunt to take them further out to sea—during the current London meeting of maritime safety committee of the Inter-Governmental Maritime Consultative Organization.

A Staff Reporter writes: Four-fifths of Brittany's holiday beaches and more than two-thirds of its 700-mile coastline have escaped oil pollution after the Amoco Cadiz disaster, the French Tourist Office said yesterday.

Even on stretches affected, cleaning operations make it unlikely that visitors will notice any ill effects.

The whole of the southern coast, as well as the stretch from Palmpol east to Mont St Michel, is clear according to the office.

## Wine war ends by ruling of European Commission

From Our Correspondent  
Luxembourg, April 20

A wine fought two years between France and Italy formally ended today by a ruling from the European Commission.

The Commission's ruling says that a tax levied by France on imports of Italian wines between 1975 and 1977 was illegal.

One person was killed and 100 injured in France over the which was imposed in 1975, the French market. France moved the levy after the Commission took the case to the Court of Justice.

Today's ruling means that courts can now decide when the French Customs repay the levy. It also means that France must stop levying the tax.

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## Legionnaire flown to help fight Chad rebel

From Our Correspondent  
Paris, April 20

France flown troops into Chad to reinforce military advisers as fighting continues in northern region, information sources said here today.

The French Government confirmed that French servicemen were yesterday during a Government attack on a rebel post at Salal, about 100 miles north-east of the capital, N'Djamena.

Chad National Liberation Front (FROLINAT) rebels took post on Saturday and the town's airport today to be killed 32. A French-Chad troops during an operation retake the town.

FROLINAT announced 12 deaths among its own forces fighting off the attack in a raid it destroyed two tanks between 200 and 300 French Legion troops were lifted to Chad by helicopter Tuesday, reliable sources here today.

The legionnaires were flown from their base in Orange, in southern France, to their equipment.

Last night military advisers were reported to be paying Omdurman, and ordering legionnaires to their barracks for an exercise.

N'Djamena: French troops and Foreign Legion have been flown in here, large quantities of military equipment, informed sources said today.

The move followed an attack on government outposts in east-central part of the country by rebel units that appear to be French-backed.

Unconfirmed reports also the deaths of four French advisers as government troops captured the fort at Boko, including a captain, were destroyed.

Mr. Wedal Abdel Khamane, the Chad Foreign Minister, left here yesterday for Paris and observers said might seek direct French aid in the conflict against the FROLINAT rebels.

The last direct intervention by France against the rebels from 1968, when a de Gaulle sent an expeditionary force to fight FROLINAT, which at the time was the main rebel force, was in 1968, when a de Gaulle sent an expeditionary force to fight FROLINAT, which at the time was the main rebel force.

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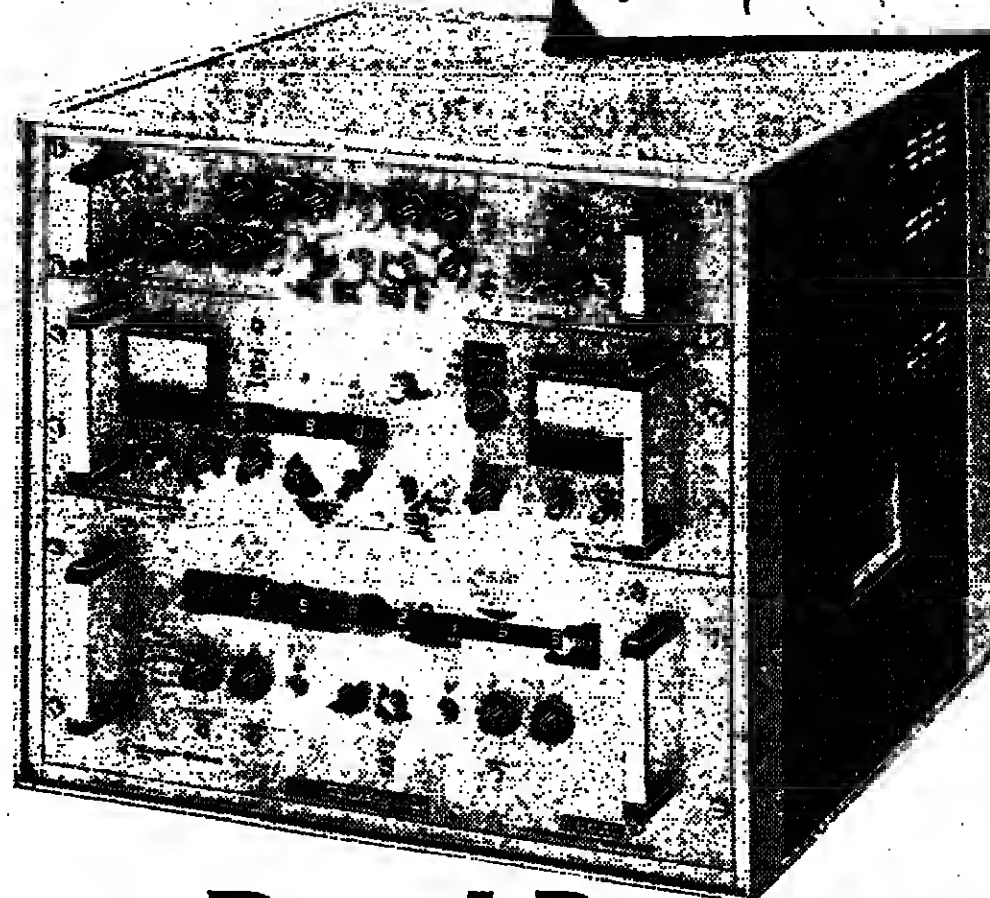
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### OVERSEAS

## British firm to develop and market rival US aircraft landing system

By Reed  
Correspondent

Decision of the all-operations division of the International Civil Aviation Organisation (ICAO) in Montreal to choose an American rather than British landing system has produced disappointment, but not in the British aerospace industry.

From being a "winner" in the decision, the success of the system, called time reference scanning beam (TRSB), is to development, manufacturing and marketing by the company, the only one in the world to produce the system, should be the standards and conditions which ICAO will be laying down.

It is certain that Plessey, the developers of the system which was lost, will develop TRSB and will use it throughout the world. It is said to be worth £2,000m in a fierce competition with the Americans.

It is, in fact, already placed to take up the development of TRSB. The system used on board aircraft is a Doppler microwave system (DMLS) is similar to those used in the TRSB system, and the company has all the knowledge necessary to develop and build ground equipment. Further, it is well advanced in flight testing.

It seems to be no technical reason why Plessey should have a TRSB system ready for the world market by the time the ICAO criteria are set. The British side has been in a race with the Americans, plus their German allies in this begins by the early years of the next decade.

The Civil Aviation Authority, which oversees technical standards in the world, is likely to encourage the home industry to develop rather than force British firms and airports into a position where they have to use a system "off the shelf" from America.

It called for a new blind-landing system to be developed using the existing instrument landing system (ILS), which is the most modern airports in the world, is becoming outdated.

Developed during and immediately after the Second World War, ILS has an aerial on the

ground at the end of the runway sending out a radio beam which is picked up by receivers on board the aircraft, and down which the aircraft flies to a safe landing in even the worst weather.

Both TRSB and DMLS work on the same basic principle, except that they have the benefit of the enormous technological strides which have been made in this field in recent years.

Using them, ground controllers can direct far more aircraft than they can with ILS, while neither of the new systems is affected by large objects on the ground, such as aircraft hangars, as is ILS.

TRSB and DMLS can also be deployed at airfields surrounded by mountains, where radar echoes make ILS useless.

The main difference between the two modern systems is that whereas DMLS puts out a beam in the shape of a fan into which the incoming aircraft flies, TRSB flashes a beam rapidly to and fro.

The British side has always maintained that the monitoring of aircraft is more efficient with its fan-shaped signal compared to the scanning beam. It has in its Doppler microwave system (DMLS) is similar to those used in the TRSB system, and the company has all the knowledge necessary to develop and build ground equipment. Further, it is well advanced in flight testing.

A great deal of in-fighting went on between the two sides during the years leading up to the decision in Canada on Wednesday night. At one stage the British alleged that American computer simulation of the DMLS system had not been allowed. The British side said that TRSB had "failed to demonstrate that it can be accurate, safe and economic."

The number of the 63 delegations who voted in the ICAO committee (the voting was 39-24 in favour of TRSB), having completed a serious assessment of the technical attributes of the competing systems, is considered to be small. Most lined up on purely political grounds.

As the British delegation commented afterwards, "those participating were faced with the impossible task of studying and acting upon some 2,000 pages of material on complex operational and technical issues. The time allotted did not permit adequate study by those states which had not previously participated in the many years of preparatory work."

Leading article, page 19

## Strife dies down in Turkish riot town

From Sinan Fisek  
Ankara, April 20

The town of Malatya had its first calm day since Monday today as four prosecutors questioned some 165 suspects on the terrorism, rioting and looting which left eight dead and dozens injured.

The last clashes between rival factions—rightist and leftist, Sunni and Shia, Kurd and non-Kurd, rioters and troops—ended last night, the third day of the dusk-to-dawn curfew imposed after Mr Hamit Pendoğlu, the mayor, and three members of his family were killed by a parcel bomb.

Schools and shops remained closed; shortages of bread and window panes were reported, and troops patrolled the streets of the devastated city as Mr İrfan Özyıldız, the Interior Minister, flew in for a first-hand inspection.

Before his departure, Mr Özyıldız told Parliament last night that right-wing terrorists were responsible both for the bomb attack against Mr Pendoğlu, an independent conservative, and the rioting in the city of 160,000 inhabitants, some 400 miles east of Ankara. He said police had uncovered evidence linking the incidents with two underground rightist groups calling themselves the "Turkish Lightning Commandos" and the "Organization for the Liberation of Enslaved Turks".

Documents found at their headquarters in Kahramanmaraş, near Malatya, showed that small children were hired to carry the terrorists' weapons and explosives in order to avoid detection, he said.

## Aircrew strike grounds many flights in Japan

Tokyo, April 20.—Nearly half of Japan Air Lines' flights from Tokyo were cancelled today when aircrews went on strike for more pay. The 24-hour stoppage grounded all but three international flights to Europe, the United States and South-east Asia, and 47 of 102 domestic flights.

Flight crew, excluding captains, are demanding a 27.5 per cent increase. Stewards and stewardesses want a 19.5 per cent increase. Other Japanese strikers returned to work today after causing widespread disruptions during the past 48 hours.

## Woman dragged away from Moscow embassy

From Our Own Correspondent  
Moscow, April 20

A Soviet woman who has been refused permission to join her American husband in the United States tried to chain herself to the railings of the American Embassy today. The police dragged her into a guard box and then drove her away.

Mrs Irina McClellan and her 18-year-old daughter by a previous marriage just had time to hold up placards saying in Russian "Four years waiting for a visa", and "Let me out to my husband", before being overpowered by the police who guard the entrances to the embassy.

She had managed to fasten her left arm to the railings with a chain and padlock and screamed out in pain as she was pulled away. The incident was watched by Western correspondents and cameramen who were told beforehand that she planned a demonstration.

Correspondents had also been given copies of her appeal to Mr Cyrus Vance, the American Secretary of State, who arrived in Moscow yesterday for talks with Soviet leaders about arms limitation. In it she complained of the "inhuman destruction of our family", and called on Mr Vance to help to reunite her family.

Mrs McClellan, aged 38, met

her husband, a professor of Russian at the University of Virginia, when he was leading a tour group to the Soviet Union in 1972. They were allowed to marry on his return in 1974, but she has consistently been refused an exit visa on the grounds that her case was "complicated".

She was told by the KGB that she once worked for the Afro-Asian Solidarity Committee, a semi-official organization, but she denies that she ever had access to official secrets. In 1975 she resigned her job on being promised a visa, and has not worked regularly since.

She and her daughter Lena have carried on a vigorous campaign to be allowed out. The Americans have raised her case with the Soviet Government and Dr Henry Kissinger, the former Secretary of State, once promised to take up the matter. Mr Vance is expected to raise her case and that of about 300 other people waiting to join families in America during his talks this week.

Mrs McClellan has increasingly identified herself with Jewish activists, though she is not Jewish. Last month she supported an appeal by 22 Jews on International Women's Day to the Queen to Queen Juliana of the Netherlands to help them to emigrate.

## Barre talks in Peking 'fruitful'

Mogadishu, April 20.—President Siad Barre, of Somalia, returned here yesterday from Peking after "fruitful" talks with Chinese leaders.

He told reporters his visit was "crowned with success". He had discussed the situation in the Horn of Africa, bilateral

relations and other international issues. Observers believed he asked for economic and perhaps military help after the defeat of Somali forces in the Ogaden war last month. During the visit the two countries signed an economic and technical cooperation agreement.

## Expulsion of between in viet spy case

Tehran, April 20.—Iran has expelled a citizen alleged to have given money to a former general who worked for Russians.

A man identified as Alimov Ibrahimov, an employee of the Iran-Soviet port company, was ordered to leave the country last night.

Major Brigadier General Ali Darakshani died of an attack on March 27 after long passing information to Soviet officials.

85-year-old former general was detained by security forces after receiving a letter of money from Mr Ibrahimov.

He was once accused of life imprisonment for collaborating with Soviet agents who took part of Azerbaijan near the border in 1945. He was later pardoned by the Iranian government.

## Itzer Prize Wrong man

York, April 20.—The prize for the best photograph of a United Press International photographer was given to a wrong man.

Although what a UPI spokesman called "an honest error" was taken by Mr John A. Freese, a freelance photographer, credited to Mr Jim Baker, picture editor in Indianapolis bureau. The photograph showed a hostage held at gunpoint.

Richard T. Baker, said, "It was an honest mistake, resulting in the large number of pictures that were taken that day."

## Labour may recognize Polisario

By David Mortimer

Labour Party is likely to next week to recognize Polisario Front, fighting for independence against Morocco in the Western Sahara, as a genuine liberation movement, and to establish relations with it as it has with movements such as the Front for the Liberation of Namibia.

Resolution to this effect passed on Tuesday by the Labour Party's international committee will come before the full Executive Committee meeting next Wednesday. It will move on after a meeting Monday between Mr Mustapha Sayed, deputy secretary-general of the Polisario Front, and Mr Ian Mikardo, MP for the Labour Party, chairman of the international committee of the Middle East sub-committee respectively.

It is understood to have been favourably impressed by Mr Sayed, who during his visit to Britain also met

representatives of the Conservative and Liberal parties. The decision would bring the Labour Party into line with the policies of other parties in the Socialist International, notably the French and Spanish Socialist Parties, both of which maintain relations with the Polisario.

The international committee also decided to ask Mrs Judith Hart, Minister for Overseas Development, what her attitude would be to a request for direct humanitarian aid to the Polisario. (At present some British aid is channelled to Saharan refugees in Algeria through the United Nations High Commissioner for Refugees.)

The committee is also asking the Ministry of Defence about British policy on arms sales to Morocco. It appears that Britain's only exports to Morocco of military interest are Land-Rovers, which, though useful in desert warfare and indeed used by the Polisario themselves, are not classified as weapons.

The same meeting of the international committee considered a paper prepared by the party's international department which attempted to classify foreign communist parties with a view to deciding which parties the Labour Party should maintain relations with, and what kind of relations. This arose from the controversy provoked by the attendance of delegates from several communist parties at last year's Labour Party Conference.

The international committee decided not to accept the paper, but asked for a more systematic study which would analyse the whole question of relations with communist parties, and why the Labour Party should have them. The committee also decided to draw up a political statement defining the party's attitude to the Soviet Union and to communism in general. This is apparently felt desirable to make it clear that Soviet "socialism" has nothing in common with the kind of society the Labour Party aims to build in Britain. The move comes at a time when even communist parties in Western Europe have felt it necessary to make similar disclaimers.











## SPORT

## Golf

## Clark makes sure of his direction and seizes chances

From Peter Ryde  
Golf Correspondent  
Barcelona, April 20

On a quiet, cool evening, ideal for scoring, Howard Clark, the winner in Portugal a week ago, took over the lead from Antonio Garrido at the halfway stage of the Spanish Open golf championship at El Estor today. For most of the round he played quite beautifully, reflecting the confidence that can be gained from a first important victory, on his way to another 67. It was towards the end he began to falter, but he had been so good that he might well have been because of a realization of the magnitude of what he was doing. For after turning to 35, two under par on the inward nine, he started home with six consecutive birdies, only two of them being short holes. For someone sure of his direction this lovely course offers scoring chances.

Clark started home by pitching to two feet at the 10th, chipping dead at the 11th and chipping in at the 13th after asking for and being refused a ruling for interference from a hoarding. The next hole was a picture hole from 11 feet and he saved his three at the next with a bunker shot almost dead.

Just when it looked as though he would smoothly swing himself away from the rest, he dropped a stroke at the 16th and Garrido, who had been back in his groove, par up to that point, noted for a well-chested birdie to make the gap between them only two. Clark took three putts on the 16th green, but the quality of his play in the revelation. Severiano Ballesteros lies six behind with two rounds to play, which is no one safe, and Clark will have a tremendous job on his hands today, but he is growing visibly in stature.

A tired Ballesteros scored 68 which left him level with his partner, Hayes. He did not use his fatigue as an excuse. It was written all over his face and it was today, two days after landing, because he feels he must catch up on rest he will not be at the Italian Open on otherwise his engagement book looks full. He must have felt like water to a parched man. This time he said he did not play specially well but

(510 yards) with a five-iron he was in the trees at the 12th but seeing salvation in the form of a four-foot gap he smote a one-iron into the open and the ball had enough draw on it to reach the green.

When asked why he took the risk he replied: "Otherwise is boring, chip out on green, two putts—boring. I go for an eagle or a seven. Hardly commercial golf but it says a good deal about his crowd appeal. At the 15th (550 yards) came the next gasp, for taking a driver, which the well groomed fairway encouraged him to do he reached the green for another birdie on a carry, he estimated, at 350 yards. It was colossal hitting and it made poor Bob Charles look shorter than ever.

The god, accompanied by as large a crowd at Spanish golf he was witnessed on a second round, fell off his pedestal towards the end just as he looked ready to share the lead. He took three putts from 18 feet at the 16th and hit a short run heavy off the 17th tee. From the bunker he played a subtle recovery to inside 3 yards with his slow, swing but missed the putt. But he was back again at the 18th bolting from 10 feet with his classical putting style.

Hayes used to be as long as anyone in the year when he led the British order of merit, but he gave up today trying to match the younger Spanish players' quiet confidence. Lyle, a young moustache sprouting, felt he should have been better than his touch on the greens before the end and finished on 69. Another to break 70 was Jack Nicklaus, who was looking for a must have felt like water to a parched man. This time he said he did not play specially well but

With such an alarming number of good Spaniards about, it was encouraging to see some of the younger Spanish players' quiet confidence. Lyle, a young moustache sprouting, felt he should have been better than his touch on the greens before the end and finished on 69. Another to break 70 was Jack Nicklaus, who was looking for a must have felt like water to a parched man. This time he said he did not play specially well but

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Clark: the quality of his play a revelation.

boiled three good putts. James had another 71 and Berry and Brown were on the same mark. King is having the best start to a season yet but a bad back made him hit the ball less than flat out in his 68 and prevented him completing a practice round before the event. He was hoping he would not therefore be drawn with Ballesteros and Hayes, because that would instinctively make him try to attack the ball.

Leading scores (British unless stated):  
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## SPORT

## Racing

## Moonlight Rag has ability to defy formbook and beat his old rival

By Michael Phillips

Racing Correspondent

A new race, the Harrison Drapery Stakes, forms the centrepiece of the programme at Sandown Park this afternoon. Sponsored by Harrison Drapery, this valuable prize may be won by Moonlight Rag although Night Watch seems to have the beating of him on form. When Night Watch won at Doncaster earlier this month Moonlight Rag was a length behind him at the end of the second place. However, whereas that was Night Watch's second race of the season it was Moonlight Rag's first, and there is ground for thinking that it may have brought Moonlight Rag on sufficiently to enable him to beat his old rival this time.

Tug of War, who won four races last season including the Northumberland Plate, should run his usual good race now that he has had an outing to clear away the cobwebs after his winter rest but even he may be unable to give Moonlight Rag a run for his money. On a line through National Hunt, Moonlight Rag has won Watch and Moonlight Rag at Doncaster. Fairmounter should not beat his selection.

The field for the Sandown Cup includes Celtic Pleasure, who has already won the Rosebery Stakes at Kempton Park this season and St Peterburgh, who is a half brother to Brigadier Gerard and I expect to see Celtic Pleasure beat him again. However, St Peterburgh is my selection in this instance.

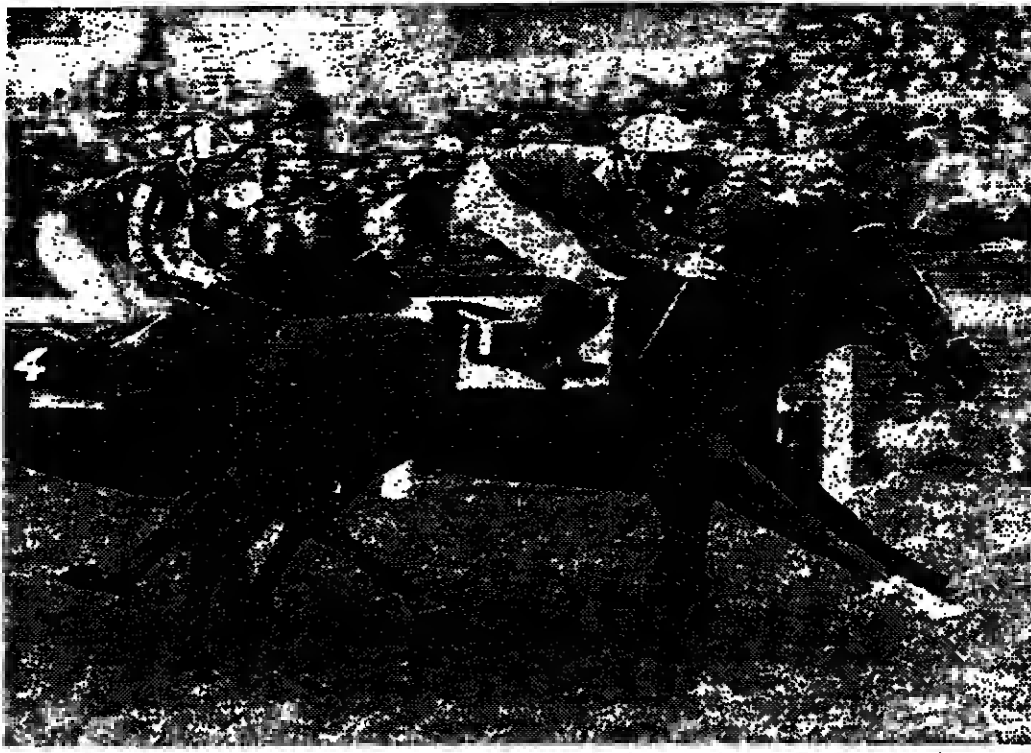
He won over today's course and distance last season and our eagle-eyed Newmarket correspondent is convinced that he has improved considerably since he finished third at Doncaster in the race won by Battlemaster, beaten only a length and a half. In the meantime the fourth horse, Alexander the Great, has underlined that form by winning a tricky race at Pontefract. Lucent is capable of running well even with as much as 50 lb on her back. She is at her best when there is plenty of give in the ground and she has won her first race for each of the past two seasons. Prince Gabriel and La Solida both ran in the Lincoln. Of the two Prince Gabriel was expected to do the better this afternoon without perhaps being quite good enough to beat St Peterburgh.

Although Peter Walwyn has had many problems to contend with lately, his horses have still been running well enough to encourage him to think that his stable is in good form and that he could win the two races today with Stephano (3.40) and Western Gem (4.10). Stephano defeated Lester Haggart, mounted American, at Newmarket last autumn and what he has done once he should manage again in the renewal of the Tudor Stakes. He is a half brother to the late, much-loved, and much-loved, Prince of Wales, who was a half brother to the late, much-loved, and much-loved, Prince of Wales, who was a half brother to the late, much-loved, and much-loved, Prince of Wales.

could easily lack the experience of Western Gem, who did well enough on two occasions as a two-year-old to suggest that she should win a race of this nature. Haggart is my selection for the Ashford Handicap Stakes, although his weight has been increased to 12 lb by a penalty for winning at Newbury a week ago, and even though he will be meeting Pipe-dreamer on 9 lb worse terms than when they clashed last at Nottingham in March.

Haggart won so easily at Newbury that his trainer Nicky Vigors is entirely justified in thinking of the Ashford Handicap as a race that he ought to strike again while the iron is still hot and quickly before the handicapper has had the opportunity to reassess his horse. On a line through Pipe-dreamer Haggart should also manage to beat Redding Ridge and General Wade. Lazy Dynamite looks a good bet to win the Birdforth Handicap Stakes at Turf because of the way that she ran behind Rhineland in her first race of the season at Doncaster.

**Racing cut-backs**  
Sir Desmond Plummer, the Levy Board chairman, announced details of the anticipated cut-backs in the racing industry today. He said that the racing industry would be expected to make savings of £13,000 to £20,000 and the allocation to the Racecourse Transport Allowance scheme from £725,000 to £530,000.



Seraphima: her victory helped lift the gloom from around Walwyn.

## Colour restored to Guineas picture

By Michael Seely

Most of the confusion which has been surrounding the 2,000 Guineas picture disappeared at Newmarket yesterday. After Peter Walwyn had added triumph to his triumph by winning the 2,000 Guineas, the picture was clear. Seraphima was the winner, beating the favourite, Try My Best, by a length and a half.

The general public may not have been aware of the adverse report that had been circulating about Try My Best. The Northern Dancer colt's price has not shifted in the ante-post market, but the rumours have been doing the rounds all week that Try My Best was wrong in the wind. He is as clear as a whistle, Mr. Sangster said with a smile. "And those who don't believe it can come here on May 6 and see for themselves. So those who have backed Try My Best and Camden Town can rest assured that they will get a run for their money on the big day."

Mr. Sangster showed all the courage in the world when overhauling Amaramda in the final furlong of the Ned Gwyn. Amaramda has lost one of her two-year-old speed. At one point she was bowing along in the lead

several lengths clear of her rivals. Harry Wraggs was one to consider whether to let Amaramda join Cherry Hinton in the line-up for the 1,000 Guineas, but the Wraggs' attention to Seraphima's victory was a distraction. The trainer's dilemma is understandable as Amaramda was conceding weight to all her opponents. Wraggs had good news about Cherry Hinton. "She has lost 60 lb in weight since Newbury and will be all the better for that," he said.

Seraphima's victory was a perfect illustration of the ups and downs of racing. Two days ago she was the favourite for the 2,000 Guineas, but she was beaten by Try My Best. The trainer's dilemma is understandable as Amaramda was conceding weight to all her opponents. Wraggs had good news about Cherry Hinton. "She has lost 60 lb in weight since Newbury and will be all the better for that," he said.

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objective will probably be the Irish Oatley. But before that he will run at Chester, either in the Dee Stakes or Chester Vase.

Ghinnah's trainer, Michael Stoute, had his second success of the season when Schweppshire Lad repeated his Doncaster victory in the Grange Stakes. The 13 to 8 favourite was running lastly in the champion show hunter by Little Cloud on which his son Robert won the British horse of the year. He delighted in telling the story of how Robert, then 16 years old, replied when his father remarked

that he was a champion show hunter. "I don't know what that means," he said. "I just know I'm a champion show hunter."

## The classiest of class at Kentucky

From Michael Leppmann

New York, April 20

America's three-year-olds are starting to drift towards Kentucky for next month's Kentucky Derby—the first and most glamorous of the classic colts races. Excitement among racing people is growing apace, for they expect a stunning duel between two of the classiest of colts to have been on the scene together for many a year—Affirmed and Alydar.

Previous seasons have seen one outstanding colt triumph in the fabled Secretariat a few years before that. But this is the first time in most people's memory that two such obviously talented animals have been vying for the honours. Neither has put a foot wrong throughout the early season. When Steve Cauthen, who has won two such obvious talents, animals have been vying for the honours. Neither has put a foot wrong throughout the early season. When Steve Cauthen, who has won two such obvious talents, animals have been vying for the honours.

victories that the pair have notched up since coming of age. Affirmed won four of those contests and Alydar two, but there was never more than a length between them. Affirmed, a striking chestnut by Exclusive Native, was chosen the two-year-old of the year. Because of the climatic variety of the United States, ere the best horses get little in the way of a winter break. When the New York weather became inclement, Affirmed headed west for California and Alydar went north to race in Florida. They have thus not met as three-year-olds and will not do so until the Kentucky race.

Alydar, whose sire is the redoubtable Raise a Native, was the first to emerge on to a racecourse outside the United States. He raced in the Florida Derby at Gulfstream Park—the latter in a time only a fraction of a second outside the course record. Affirmed came out a few weeks later to perform a similarly effortless double in the Santa Anita

Derby and, last Sunday, the rich Hollywood race.

America's best horses are getting short odds about both of them, and only one other horse is figuring at all in the betting. He is the late, much-loved, and much-loved, Prince of Wales, who was a half brother to the late, much-loved, and much-loved, Prince of Wales, who was a half brother to the late, much-loved, and much-loved, Prince of Wales.

## Newmarket results

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PARLIAMENT, April 20, 1978

## Colonel named during calls for debate on freedom of press

House of Commons

During questions to Mr. Michael Foot, Lord President of the Council and Leader of the House, after he had announced next week's business.

Miss Josephine Richardson (Barking, Lab.) asked: Will he try to find time for a debate on press freedom in view of the restriction of press freedom in connection with the case of Colonel Johnstone, otherwise known as Colonel B?

Mr. Michael Foot (Edinburgh, Lab.)—I cannot promise any debate on that subject in the near future.

Mr. Christopher Price (Lewisham, West, Lab.)—When are we going to get the White Paper on official secrets and the debate on that subject in view of the fact that the Home Secretary has emerged between the Government and the NUJ over the Colonel Johnstone affair?

Mr. Foot—I cannot promise a debate when the White Paper will be produced. I am sure the two matters can be produced together and dealt with together.

Questions can be put down in the House on these matters. I do not think we should necessarily discuss two subjects should be discussed together.

Mr. Robert Kilroy-Glik (Ormskirk, Lab.)—There was great disappointment in the fact that the Government to implement its manifesto commitment to legislate on official secrets and a freedom of information Act.

Could he give an assurance that the Government will legislate in this session and they will not therefore have a continuation of the kind of case surrounding the publication of Colonel Johnstone's name? Can he give any promise we can legislate in this session?

Mr. Foot—We do not believe it would be possible to legislate in this session on such a far-reaching matter.

The Home Secretary has indicated that there will be a White Paper published. That will be debated. We will have to see then how the debate proceeds.

I am not saying there is not considerable anxiety in many quarters on this subject. That is the best way we can proceed.

Mr. Ronald Thomas (Bristol, North-West, Lab.)—It is not possible to have a debate on press freedom, at least we should have an attempt at that.

Mr. Foot—I do not accept his description of what occurred and in view of the legal position, I have no doubt that a debate is the best way to proceed.

I have no doubt that Labour MPs will make representations to me on the matter.

## Speaker to rule on DPP memo to editors

Mr. Jeffrey Rooker (Birmingham, Perry Barr, Lab.), raising a point of order at 10 pm sought the Speaker's ruling on the memorandum sent by the Director of Public Prosecutions to the editors of national newspapers regarding disclosure of the identity of Colonel B.

Mr. Rooker said—This memorandum flies in the face of all that we thought this House stood for, in the sense that our proceedings are published factually and fairly and without prejudice to the public outside by the media.

He said the memorandum stated: "The legality of revealing the identity of Colonel B, a witness in the prosecution of the late Lord and Lady of the Manor, is the subject of pending proceedings for contempt of court before the Divisional Court of the High Court of Justice."

"It is not accepted that the disclosure of the identity of Colonel B, a witness in the prosecution of the late Lord and Lady of the Manor, is the subject of pending proceedings for contempt of court before the Divisional Court of the High Court of Justice."

Mr. Rooker said it was extremely important that the matter be settled speedily, that matter, because it was alleged to have been disclosed by default and fair account, the House would have taken away from it a right it thought it had.

## PM says Tories made Wales Bill a shambles

The Conservative Party, which was opposed to devolution, had voted that the Wales Bill should come into force immediately. Royal Assent was passed without a referendum, the Prime Minister said during questions.

He was replying to Mr. Gwynor Jones (Cardiff, Cen.) who asked: Has Mr. Callaghan had time today to reflect upon the major change that was made last night by the House, with the expected help of the Conservatives, to the Wales Bill?

According to *Evening Mail*, if the bill becomes an Act then it will become immediately operative without a referendum. What proposals has he in view of this?

Mr. James Callaghan—I thought it was interesting and I have been into it.

The Conservatives had the infernal impudence to suggest the Bill was a shambles. I agree and they made it one.

## PM says Tories made Wales Bill a shambles

Mr. Michael Foot, Lord President of the Council, said that the initiative of the Conservative Party in the House should be referred to the Committee of Privileges.

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## Tories contemplate higher prescription charges as NHS needs every penny

Morale in the National Health Service was at a low ebb and it was not helped by Government ministers going around the country trying to give the impression that as well as Mr. Patrick Jenkin, chief Opposition spokesman on social services, said in opening a debate on the NHS.

Mr. Jenkin (Redbridge, Wanstead and Woodford, C.) said that sinking morale, lengthening waiting lists and falling standards were exacerbated by industrial disruption, higher over-pay anomalies, staff shortages and building work which was years late.

The majority of staff in hospitals worked conscientiously, without interruption and with devoted care to patients. The rash of deaths was evidence of a desperate malaise.

The most frequent reason given was shortage of money. In recent years there had been a growth of two per cent in the cost of the NHS, and over the next four years the service faced a growth in expenditure of about half the rate of the first two years.

The Secretary of State had been speaking with two voices. While telling the BMA that there was not enough money to meet all needs, he had said elsewhere that the money available would be enough in principle to meet the demands of the service.

What did he mean by the phrase "in principle"? Either the money was there or it was not.

There existed the ludicrous position of a doctor being asked to treat a child with a broken leg and being told that the NHS faced acute difficulties.

The first requirement was to look at the service with realism by regarding its limitations. Before more money could be spent it had to be clear that the NHS was a health service was a reflection of the poor performance of the economy over many years.

He said that one of the main centres of world excellence in medicine, but that would not survive if the nation could not manage to pay for it.

The Conservative Party supported the NHS to the extent that it should be funded by the Exchequer and not by local authorities. It should be a national service in the sense that standards should be the same between the regions but that management should be left to local level.

Education in preventive health care was essential but a clear distinction should be made between education in the sense of imparting information and that of instruction in the sense of teaching.

There were two main points in the department, particularly on smoking, had been profoundly irritating to many people and might have been avoided if the information that required, health information was a job for the general practitioner, the health visitor, physician and the school.

A proper partnership must be built with the independent sector. With the independent sector, the NHS policy had to be clear. They had to be for some recognition that this state of the NHS today was a disaster and more serious than Mr. Jenkin had so far allowed.

## Code of practice sought to define parameters of industrial action

Mr. David Ennals, Secretary of State for Social Services (Northampton, Lab.) said that the Government was seeking to define the parameters of industrial action in the NHS.

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## Advice to Tories on attitude to unions

If it was true that the Conservative Party document about trade unions took the view that there should be no confrontation with the unions, it was high time that the Tories revised their whole approach to them, Mr. Callaghan, the Prime Minister, said during questions.

Mr. Bryan Goff (Southampton, Lab.) asked: Will the Prime Minister say that the Tories should not be afraid to confront the unions in the way that they have been in the past?

Mr. Callaghan—Will he point out to the Tories that the one good feature of the secret Tory report on confrontation with the unions is that it is apparently not a secret? It is a document that is open to all and it is a document that is open to all.

He said that the Tories were apparently thinking in terms of confrontation when they experienced in the past four years that the Tories were not only possible but highly beneficial to the country.

Mr. Callaghan (Cardiff, South-East, Lab.)—Unless and until the Tory Party decide to pursue a policy of confrontation with the unions, I have no particular knowledge of it.

But if it is true that it points in the opposite direction, namely that there should be no confrontation, it is high time that the Tories revised their whole approach to the trade unions.

The great misfortune of British politics is that they seem to have come to the conclusion that they cannot beat the trade unions but their distaste for them is such that they cannot cooperate with them either.

Mr. David Steel, leader of the Liberal Party (Northwich, Selkirk and Peebles) said: Some of us are dismayed by the reception given yesterday to Mr. Weighall, Secretary of the NUJ, and Mr. Jackson, Secretary of the Union of Post Office Workers, at the BTU conference.

Will the Prime Minister make clear in future meetings with the TUC that the Government are determined to stick to a fourth phase of pay policy preferably by agreement with the trade unions?

Mr. Callaghan—I am not yet in a position to discuss what happens after this phase of pay policy is over. Both Mr. Weighall and Mr. Jackson are to the public sector. It is in this sector where the Government have a special responsibility and must take a view about it.

Other comments made by other union leaders are going to be taken into account by the Government, but from Mr. Bassett, mostly from those in the public sector.

We should discuss these matters with them, but it would be wrong at this stage to do anything except try to win through on the current pay round.

Mr. Michael Marshall (Arun, Lab.)—Has he read *The Times* report about the relationship between the TUC and the major parties?

If so, did he take note of the remark at the end made by a senior Whitehall source which said that the TUC probably would get on better relations with Tory ministers since Labour ministers treated them with contempt (Labour laughter).

Mr. Callaghan—I saw that remark. It was typical of former civil servants who are now in the administration, it is a jolly good job they are now retired.

## Britain needs a higher level of productivity

Britain needed a higher level of productivity if there was to be high wage economy, the Prime Minister said during exchanges with Mrs. Margaret Thatcher, Leader of the Opposition.

Mrs. Thatcher (Barnet, Finchley, C.) said: The problem in this country is low output. One of the limiting factors to increased output is the TUC's freedom to negotiate with the employers. One of the reasons for that is that the differentials are not sufficient to give the proper incentives for skill and extra responsibility.

He should discuss with the TUC and tell the House what his proposals are to restore differentials and give the TUC the freedom to negotiate to see they are restored.

Mr. Callaghan—I would agree with some part of what Mrs. Thatcher said. The TUC's freedom to negotiate is a low output. I would say it was more due to low productivity. We need a higher level of productivity and we need to have a high wage economy.

As regards shortage of skilled labour, this is a matter that has been discussed by the NEPC a number of occasions, and will continue to be discussed. It is under

## Britain needs a higher level of productivity

review both by employers and trade unions and I will welcome Mrs. Thatcher's observations to their notice.

Mrs. Thatcher—He ducks the main question. He is not going to get sufficient support in the House to restore differentials. There are in skill centres vacancies for engineering skills, but they are not being filled. It is not a matter of restoring differentials, it is a matter of restoring incentives for skill and extra responsibility.

Until he restores differentials, his retraining programme will not be taken up by the unemployed who are meant to take these places up.

Mr. Callaghan—I do not think I would object to a debate in the House on the TUC's freedom to negotiate with the employers. I hope he would not. All our past experience shows that those foreign countries that have a free market in labour and go back to their own countries, tend to order from British firms and increase our future export differentials. He shows an incomplete understanding of the way in which bargaining systems work. It is not for me to restore differentials. This is a matter for negotiation between trade unions and employers.

## Baking employers agree to five-day working week

Employers in the baking industry were prepared to agree to a five-day working week, Mr. John Siskin, Minister for Agriculture, Fisheries and Food, said during questions.

He had been asked what further steps the Government could take to preserve jobs in the industry following the Spillers experience.

Mr. Siskin said Mr. Giles Radice (Chesham, Lab.) said that this matter had been agreed at a meeting in Mr. Radice's constituency.

Will the Prime Minister make sure the TUC and unions are reassured by the fact that the Government are not abandoning British workers in this?

Mr. Callaghan—I and my colleagues have been giving quite a lot of attention to buying British because although I am strongly in favour of it the British goods must be in the shops and elsewhere to be bought. The TUC and the employers must start at the relationship between the employer and those who take the goods. I hope to have more to say on this to the press this afternoon.

On British Airways, there is a conflict of interest, probably threefold. I do not propose to be rushed into a statement but the matter will be considered and our conclusions laid before Parliament.

## Baking employers agree to five-day working week

As a result of that (he said) I have made contact with the employers and the unions. The bakers' union today and asked for their assurance that they are prepared to agree to a five-day working week. I have that assurance.

There are other possibilities that might open up and I and the Secretary of State for Employment and Productivity will be looking at everything we can.

During questions to the Prime Minister, Mr. Terence Walker (Kingswood, Lab.) asked Mr. Callaghan to discuss with the TUC the possibility of a five-day working week. Mr. Callaghan said that he would discuss the matter with the TUC and the employers.

Will the Prime Minister make sure the TUC and unions are reassured by the fact that the Government are not abandoning British workers in this?

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## No decision yet on aircraft

The main business in the House of Commons next week will be Monday: Nuclear Safeguards and Electricity (Finance) Bill, second reading.

Tuesday: Completion of committee stage of Wales Bill.

Wednesday: Remaining stages of the Home Purchase Assistance and Housing Corporation Guarantee Bill.

Thursday: Finance Bill, second reading.

Friday: Private members' Bills: Consumer Safety Bill, report stage; Housing (Shorthold Tenancies) Bill and Companies Bill, second reading.

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## Talks on advertising of drinks

Mr. Jack Ashley (Stoke-on-Trent, South, Lab.) asked: Will the Government consider the possibility of a ban on the advertising of drinks in the media?

Mr. Ashley said that he had been asked by a number of people who were concerned about the advertising of drinks in the media.

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## Meeting the media head on

Mr Ray Blanton, the combat-hardened Governor of Tennessee, has just won the right to become the first holder of that office to run for a second four-year term. The State's voters, by a percentage margin of 57 to 43, approved a Constitutional amendment which would allow its governor, like American Presidents, two successive terms of office.

Mr Blanton regards this as a personal victory, and especially a vindication of the abrasive line he has taken with critical journalists—the characteristic for which he is best known. He is quite unsurprised that those same journalists do not interpret the referendum result in the same way.

They point out that other potential candidates also recommend passage of the amendment. Mr Blanton responds that the press built up the referendum in advance as a test of the acceptability of his administration, saying that if the amendment was defeated it would be because voters did not want him to run again. That they are now trying to reverse that judgment he regards as typical of the way they have treated him since he took office three years ago.

In January he achieved national fame by refusing to answer questions from inquiring reporters which he regarded as "negative". In that category he placed any queries about his personal life and about allegations that he had been engaging in unnecessary foreign travel, under the guise of trade missions, at the State's expense.

When I spoke to him recently in Washington Mr Blanton said: "The animosity with the press is largely my fault because they are a thin-skinned bunch of people and I criticize them. They think they can dish it out and it's acceptable but they can't take it themselves."

"They still have this Watergate phobia that all public officials are suspect. They believe the more derogatory things they write about public officials the more notoriety they will get."

He believes that Mr Eort Lance ("one of the best talents Mr Carter could have chosen") was hounded unjustly from office by the media and that there is an attempt to do the same to Mr Hamilton Jordan.

He gets twice as many letters supporting his stand against the press than letters opposing it. He adds that since he made his pronouncement in January his press conferences have been burdened with fewer questions than he would place in the negative category, though he still gets several he regards as "dumb".

"The press now respect my position," he said. "It dawned on them that I have a right to an opinion, too."

Mr Blanton's troubles with the media began as soon as he took office, when it was revealed that he and members of his staff were being investigated by the Federal Bureau of Investigation and the Justice Department. He says that this was because he was on President Nixon's

"enemies list". The investigations continue but nobody has been charged.

The most recent phase of criticism began last year when it was revealed that a convicted murderer, out of jail on "trustee" status, had been working for two years for the Governor as a photographer. What is more, he was the son of Mr Blanton's chief of patronage.

The Governor explains that many members of his staff are trusty prisoners, including the people who prepare the food at his residence. Most are murderers.

"We request murderers for the residence because they don't normally steal and they make better employees," he said. "There is very little recidivism in murder cases."

Mr Blanton believes that the journalists made a fuss about this because they were peeved at having worked alongside the convict for two years without realizing who he was. "In order to cover up their own stupidity they made a big issue out of it," he maintains.

The governor then compounded the offence by going on television to declare that he intended to reprieve the murderer. In spite of the view of a Commission of inquiry that he should not be freed yet, Mr Blanton is still determined to sign the reprieve before he leaves office.

Mr Blanton has not yet announced whether he will take the opportunity given him by last month's referendum and run for a second term. If he does so, and if he wins, he will have inflicted the first major defeat of the massed forces of the media since their famous victory of Watergate.

Michael Leapman



Mr Ray Blanton

## Yugoslavia window

politically the most important in Europe—is a determined effort to open a window on the world by spectacular rapprochement with neighbouring Greece.

Between the two were not resumed since the Second World War, when the Greek side in a desperate quest for friends, tacitly accepted the Greek territorial claims on northern Albania (southern Albania) and blocked the diplomatic progress in trade and cultural relations.

It has been slow in this sense, but what has been achieved in Greek-Albanian relations in the past few weeks is a positive and certainly significant.

A new air route was established between Athens and Tirana via Olympic Airways, the national airline. Flights started once a week, but today the only capital to have a direct link with Albania.

The new route was inaugurated by Mr George Panayotou, the Greek Minister of Transport, who went to Tirana with a delegation of officials at the end of the month to sign a protocol for exchange of Greek-Albanian trade worth £14.5m.

The same mission later visited Greek minority villages. Greek officials were to cross the border at a pass that had been closed for 35 years.

It is important, but the spectacular perhaps, but the important were the talks held in Tirana between a senior Greek diplomat, Minister's party and the Foreign Ministry. Greeks are aware that their overtures have coincided with her estrangement from which was prompted by Tirana's ideological switch to the so-called "gang of four", as well as by Albanian resentment over the huge size of Chinese aid, and external support for Albania after the

break with Moscow.

Western diplomats seem convinced that the rapprochement with Greece mainly reflects Tirana's concern over possible developments in the Balkans after President Tito goes from the scene. There are, in fact, fears that Yugoslavia's eventual return to a Soviet orbit would deprive Albania's present leaders of the immunity afforded by the existence of a buffer state between Moscow and their own insulting defiance to it.

Closer relations with Greece would give Albania a channel to keep informed of Balkan developments, but also an enhanced sense of security in the south, in case of pressures building up elsewhere. The country itself is certainly bracing itself for inch-by-inch territorial defence and this is evident to any visitor both from the profusion of fortified positions in the countryside and from the martial spirit that is fostered among the people.

The Greek side has readily responded to the Albanian overtures, but efforts to speed up the process through concrete proposals for cooperation have stumbled on extreme reserve and admonitions for less haste.

Against this background of Albanian reserve and circumspection as well as the natural sensitivity to Greek irredentism, the official permission to the Greek party to visit the minority in the district of Gjirokastra was, to say the least, surprising.

But even more remarkable is the fact that a few days earlier the Albanian leader Enver Hoxha himself toured the same area and acknowledged publicly for the first time the Greek minority's right to preserve its mother tongue and its cultural heritage.

Of course when the Albanians speak now of a Greek minority they refer to two clusters of villages north of the border in the Dropolis and Butrinton regions, with a total population of 20,000. Before the last war the Greek population in Albania was estimated to be one-tenth of the country's 2,700,000 inhabitants.

Nevertheless, Mr Hoxha's was an extraordinary performance considering not only that Greek claims on northern Epirus had been based on the presence of the minority there, but also that in 1959 Greece was used as a springboard for a little-publicized Western operation to dislodge the Hoxha regime.

Mario Modiano

was designed to ensure that Tunisians were left in no doubt of the regime's intention of tightening its grip on the country and asserting its role as custodian of law and order. Ministers and officials in Tunis are predictably given to expressing confidence that stability has returned. They make no secret of their disdain and contempt for those who support the ideal of a more democratic form of socialism.

While Achour and his colleagues await trial and others involved in the disturbances are brought before the courts, the UGTT executive has been purged and its officials can be expected to toe the party line. The opposition's newspaper, which has been highly successful in its short life, is still being published although its readers and distributors are subject to continued harassment by the authorities.

M Noulra claims that the DSP is stronger than at any time in its history and when asked about the prospects of the Government approving the establishment of an organized opposition party, he explains: "It is not the responsibility of government to prompt people to set up new parties—to do so would be political masochism."

The Government is equally dismissive about the allegations of torture and mistreatment of detainees made, inter alia, by Amnesty International. "Who are they to doubt the word of the State—are they a soner power?" M Noulra replied when asked about the organization's report on Tunisia.

Another facet of the Government's consolidation of its position since January is the proposal to establish a Service Civil—a civilian army—which will be used to undertake projects identified as priority items in the country's latest development plan. Young men aged between 18 and 30 will be drafted into this new force. Men from the rural areas who have been attracted to the cities in search of work are to be dispatched to camps in or near their home towns. The legislation has been discussed for some two years but its introduction has clearly been accelerated by the events of January 26. The new army will not only remove a large portion of the people presently unemployed, but it will also remove the potential seedcorn of further political trouble.

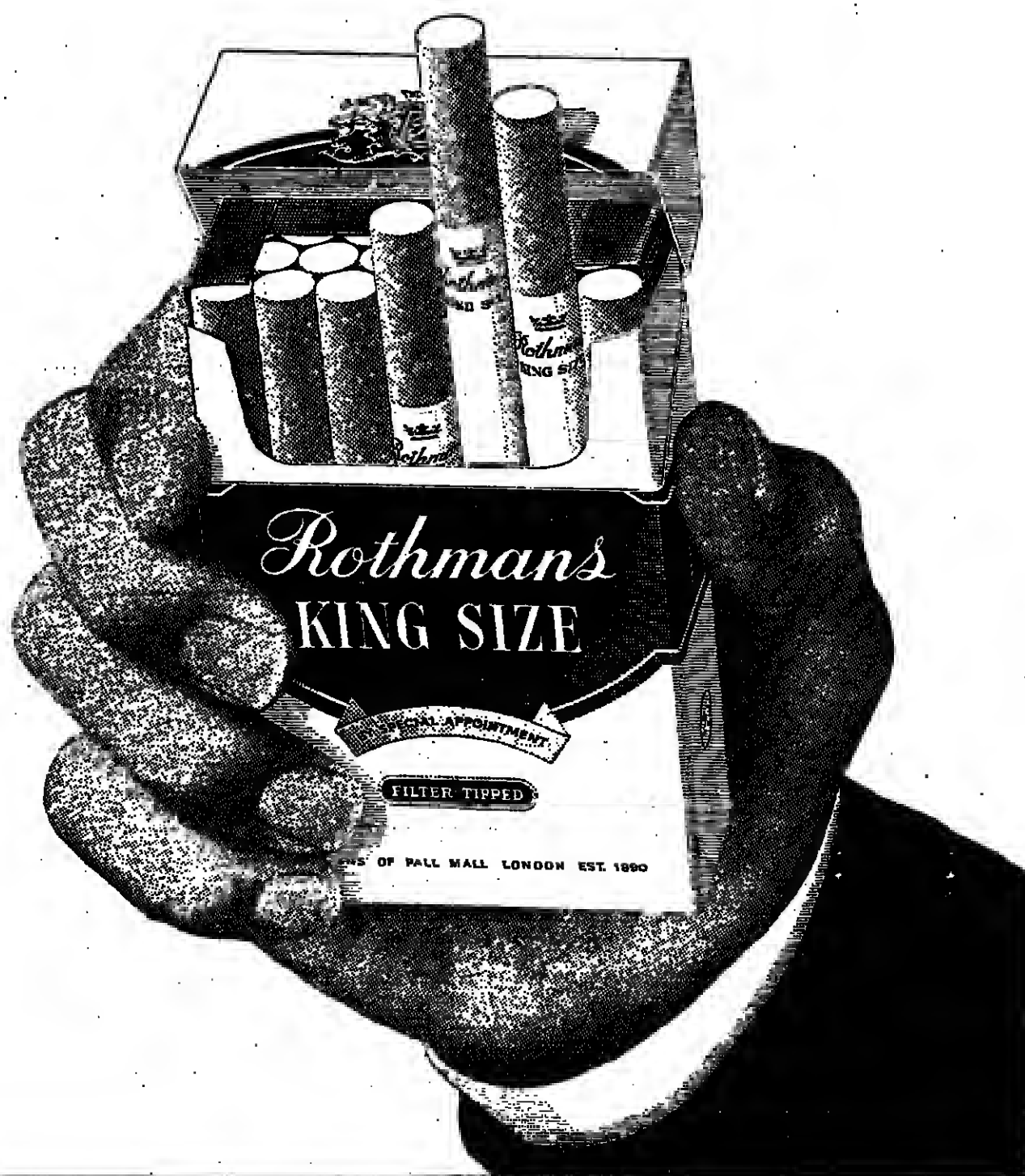
M Mestiri saw the move as a further demonstration of the Government's "campaign of hatred" against the opposition. "If this law is passed and practised it will create a very grave situation in Tunisia," he warned.

But the Government is clearly determined to go ahead with the legislation, convinced that it has re-established its position by its rooting out of those who have shown themselves to be disillusioned by the policies of the past. That battle may have been won. But the war, M Mestiri insists, will go on.

Peter Hill

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a Special Report

# Yugoslavia



President Tito being greeted by Mr James Callaghan in London last month. In less than a year the Yugoslav leader has visited all the main capitals in an effort to secure his country's senior position among non-aligned nations. The Yugoslavs have no illusions about Soviet intentions when he leaves the scene.

## Friend of major powers, President vows to keep country secure

Months 30 years ago, when the world was divided into two camps, Yugoslavia began its journey as the only country to remain neutral. It took a long time and enormous effort to achieve this. He has just completed a remarkable tour which took him to Moscow, where he received a warm welcome, and to Peking, where the welcome was even more warm. The tour began last summer and ended in Washington last month with a new and even more vigorous reaffirmation of American support.

Those who joined the small circle of countries whose relations with all three major powers are good. This in itself represents an extraordinary success for Yugoslav diplomacy as it opens up new possibilities in the delicate balancing act, providing additional safeguards for the future as

Marshal Tito approaches his eightieth birthday. For, in spite of verbal declarations and solemnly signed documents whereby Stalin's heirs have undertaken to respect Yugoslavia's independence, the Yugoslavs have no illusions. Hence the Marshal's repeated vows to do everything in his power to render Yugoslavia safe and secure before he leaves the scene. Hence his tireless effort to maintain Yugoslavia's leading position within the non-aligned movement. Hence his continuing voyages which, within less than a year, took him to all the major capitals, including Paris and London.

Underlying all this, and speculation about the future of Yugoslavia is the assumption that Soviet aspirations tend to push the country into a world in ways which were not only harmful to American global interests but outright offensive. With the arrival of President Carter's Administration the erosion has not only been halted but relations seem to have been put on a more solid basis. Both sides agree that they have now reached their zenith.

Sweet music to the nation's ears

Evidence of this is the messages exchanged between the two presidents over the past 10 months. President Carter's pledge to support Yugoslavia's unity as well as its independence was sweet music in Yugoslavia's ears. At least a remarkable increase of American investment in Yugoslav industry as well as of trade in general. This coupled with the sale of arms should help to sustain the balance for a time when the role Cuba has assumed. This was bluntly refused. By that time the Yugoslavs had drawn a lesson from experience and, unlike in the past when such disclosures were made public only when the Yugoslav-Soviet relations reached a point of extreme strain, they hurried to let the world know what Russia had demanded.

Insurance policy against Soviet adventures

Nevertheless, this did not deter Mr. Brezhnev from trying again when President Tito visited Moscow last summer. On this occasion, however, the Marshal cut the conversation short. But the very fact that the Russians keep raising such demands shows that they are determined to continue pressure. This is why President Tito's visits to Peking, where not many years ago he was still denounced as the renegade and arch enemy, and Washington were of utmost importance to the Yugoslavs. They were part of an insurance policy against Soviet adventures.

There has, in fact, been no fundamental change in Yugoslav-American relations ever since Washington decided it was worth backing communist Yugoslavia in its bitter conflict with Moscow. There were, however, periods when Washington felt that Belgrade had veered too close to Moscow, or was too readily lining up with the Soviet Union in foreign affairs.

More recently, there were strains because, in American eyes, Yugoslav policy

by Dessa Trevisan

Can a plural democracy work in Yugoslavia? The question crops up every time the regime reaches a point at which a new definition of the future is required. Another question is whether Yugoslavia can hold itself together after President Tito. The two questions are hypothetical but interrelated.

Yugoslavia is a multinational country and one where the northern nations are more developed than the southern ones. It is a country in which a great deal of power has devolved on six constituent republics and two autonomous regions. It is run by a single party, although the system is more complex than that expression would suggest.

So, if critics, as well as supporters of Titoism have serious doubts whether a multi-party system could work, it is mainly because they all fear it would quickly degenerate into a contest of rival national, rather than alternative nationwide, policies. The Yugoslavs agree what it consequences might well tear the country apart.

Having discarded a pluralistic system the moment they came into power, and having dismantled the Soviet model soon after that, the Yugoslavs have invented their own system which differs as much from that of the East as it does from that of the West. Basically, it is a one party system, but it operates in a pluralistic society, coping with conflicting interests and, unlike other communist countries, recognizing their existence.

In theory, the party does not rule in Yugoslavia, nor is it a force above society. It is supposed to guide and influence and to act as a common denominator of what, in Yugoslav political jargon, is known as self-managing interest groups.

In fact, the Communist Party, or League of Communists—as it was renamed 25 years ago—runs Yugoslavia unchallenged and controls all strata of society. Its membership has grown in nearly 1,700,000. Some 30 per cent of its members are under the age of 27, and it shows no signs of withering away.

The question for Yugoslavia is not whether a multi-party system could work, but how to do away with the political monopoly of a single party while maintaining central authority intact. Mr. Edvard Kardelj, Yugoslavia's number two man and chief theoretician of Yugoslav self-managing socialism, has outlined his ideas on what he calls "pluralism of interests of self-managing communities integrated in the delegates system". The phrase has already become a Yugoslav political jargon, although no two meanings in practice.

There is widespread confusion over the role the party would play, and that again brings to the fore the old dilemma of fitting what is still a Leninist-type party into Yugoslavia's thriving pluralistic society. Mr. Kardelj admitted that the party has outgrown its political system. The time has come for decentralization of party life.

The party congress is scheduled for June and many ideas, some of them bold, have been floated. A new definition of democratic centralism promises more scope for dissenting groups

and individual members to defend their point of view against majority decisions. This would certainly open the door to real debate but, as it will be strictly confined to the inner party circle, it seems unlikely that ordinary Yugoslavs will read about it in their press. The Yugoslavs are not yet ready to carry democratizing reforms further than that, so they have again stopped half way.

A reorganization designed to achieve greater mobility and efficiency from top to bottom is also intended to secure more efficient control over enforcement of decisions. The presidium is to be cut down to only 24 members, each of whom has been a central figure of long standing. The trend is, like Mr. Stane Dolanc said, to spread the network of party cells, however small, to every village and school. The party may not rule, but it is determined to make sure that its influence remains unchanged.

In a way, this is understandable. For, as Yugoslav society grows more complex so do the tasks of running it as well as of running the party.

## First steps to reconcile dissent with central control

options are open, but the predicament remains; as if the once widely experimental system has grown tired of experimenting.

Nevertheless, there have been some changes over the past year suggesting that a more relaxed trend is under way. The daily outcry against enemies of all colours and creeds, which at times assumed a paranoid obsession, has receded into the background. The press, after enjoying a substantial degree of freedom in the late 1960s and early 1970s, lost its flavour under controls imposed in 1972. Now it has become livelier.

Under an amnesty, a good number of political prisoners were freed, including the dissident writer Mihajlo Mihajlov, whose long prison sentence for publishing critical views in foreign newspapers brought a stream of protests from the West.

But there are still several hundred political prisoners in Yugoslav jails, most of them said to have been associated either with pro-Soviet or separatist organizations advocating the violent overthrow of the regime.

Passports have been issued to almost all persons hitherto denied free travel for political reasons, though Milovan Djilas, Yugoslavia's oldest and most famous dissident, still remains an exception.

All these progressive steps may have been the result of the Belgrade conference and the human rights campaign, but, together with a number of detectable changes such as the easing of the heavy-handed restrictions imposed on cultural activities, life in general is more relaxed than it has been these past few years. That may not be saying much, but after the freeze of the early 1970s it is something.

With President Tito approaching 80, the Yugoslavs are on guard against unrested novelty that might disrupt the political calm and quiet. They feel the need to push democratization further but want to retain the benevolent fit of controlling it. All

## gorenje

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The history and development of the extensive GORENJE organization is in the main well-known: expanding from very modest beginnings, GORENJE has become Yugoslavia's largest manufacturer of household appliances, active not only on the whole of the Yugoslav market, but also in the industrialized countries of Europe and the world in general. —markets demanding high standards and involving sharp competition. GORENJE has taken part in numerous industrial integration projects and has links with numerous Yugoslav manufacturing and trading organizations cooperating in an "Everything for the Home" programme. GORENJE cooperates with large companies in Western Countries.

### PRODUCTION PROGRAMME

The adoption of the present programme — "Everything for the Home" — has made GORENJE evolve from a manufacturer of domestic appliances into a specialized supplier of complete household equipment—ranging from everyday appliances in complete building projects. This programme, known as "DOM", embraces five basic parts which have been unified into a composite unit: household appliances, power generating equipment, professional and amateur electronic equipment, building equipment, and the "green programme". For further, GORENJE programme as a whole has been conceived as a chain linking all the technological components of the products and the raw materials to the end product. This has encouraged many manufacturing and trading organizations and banks to invest in the realization of GORENJE's ambitious programme, all the more because the individual programmes which go to make up the whole are not restricted to one factory or group of factories, but involve all ten organizations operating under the GORENJE name, providing the programme with essential technical interconnections and permit-

ting flexible and prompt reaction to changes in the market situation. An especially interesting part of the programme is the prefabricated building system, new to Yugoslavia, which actually amounts to the industrial manufacture of buildings: the individual "cells" are fitted with all the necessary equipment in the factory and are simply assembled on the building site. At present, the GORENJE programme includes: 2.40 by 10.60 by 3.20-metre cells weighing 14 to 19 tons, designed for use in "manufacturing" not only residential buildings, but schools, public buildings, undergrounds, hospitals, hotels, office buildings, industrial buildings, military facilities, etc. The value of this system is illustrated by the fact that the assembly of an average residential building of 25 cells takes only one day and complete finalization only takes one week. Moreover, the system permits the subsequent addition of other elements or adaptation to the customer's specific requirements. All ten manufacturing organizations associated in the GORENJE system are involved in the "Everything for the Home" programme.

### NEW PRODUCTS

In addition to the established range, GORENJE is preparing in manufacturing equipment for environmental protection, for which there is increasing demand. This will include equipment to control air pollution, to treat effluents and to recycle waste materials.

### EXPORTS

For some years, GORENJE has been one of Yugoslavia's biggest exporters and the biggest absolutely in the household sector. It is worth noting that the bulk of the exports go to Western countries: West Germany, Austria, France, Benelux, Sweden, Great Britain, USA and Australia. There are also exports to various Asian, African and Comcon countries.

### COOPERATION WITH FOREIGN COMPANIES

GORENJE maintains business and co-operation relations with a sizeable number of foreign companies including Krump, Krump, Danfoss, Rapid, Jacuzzi, Ficam. Successful cooperation has also been established with firms in Poland, Romania, Hungary, the USSR and developing countries, as well as Greece and Denmark.

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8000 München 19, Germany  
Telephone: 089-19 20 35  
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Telephone: 58 35 575, 58 92 691  
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Südhaubner, Lagerstrasse C  
Eisengasse 90  
1100 Wien, Austria  
Telephone: 64 91 31  
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View of part of Gorenje factory, Velenje, set in idyllic countryside

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D.T.







## Belgrade determined to negotiate better terms with EEC

by Ristic

clearly improved relations with the United States since President Tito's visit last month and a step up in the Yugoslav trade off-... he looked to... with the EEC... over a new... cooperation agree...

face of it the... should have few... reaching agree... a week goes... days without... European polit... ing yet another... support for the... The message... the same: an... and thriving... is crucial for... Europe.

makes 1978 dif... any other year... Yugoslav trade... are not going to... hear the same... words and pick up... extra morsels of... by the mood... de, this time they... to prove conclusi... the heart of the... quently where it... be substantial—... large share partly as... result of a switch in... Yugoslav economic... policies more... than a decade ago.

Yugoslav markets were... the 1976 joint... of EEC support... seen improve...

gosts are making... push for improve... access to EEC... the same time as... expressed as... Tito approaches... sixth birthday... this belief that... plenty of reasons... nt of the political... it justify them... air way. The feel... Belgrade is that... if the barriers to... is long over...

if we do not get... we will be... look increasingly... markets", an offi... Belgrade.

y there is an ele... huff in such state... at Yugoslavia has... ntly discrim... favour of goods... EEC at the... of the United... Japan. Many of... pl imports now... from Western... could be purchased... two other mar... ally after the

on its agricultural exports. Officials will focus on the restrictions on beef exports and industry that the EEC first encouraged Yugoslavia to establish then clamped down on. Yugoslav officials have worked out precise quantities which they say the Community can permit without causing any domestic difficulties.

Arguing that the EEC cannot expect a country at Yugoslavia's stage of development to concentrate on industrial exports alone, officials have other ideas to boost agricultural exports. They want a guaranteed market for a million tons a year of maize, an amount they say would have to be imported anyway. They also want a market for fodder, another community import, and a lifting of other discriminatory measures on their exports of food products and wine.

Yugoslavia is also seeking improved markets for its industrial products, especially those produced in cooperation with West European partners. The Yugoslavs clearly hope that the Community will accept the logic of doing something for the profits of its own industrialists. With the obvious intention of both offering the Community a carrot and strengthening this argument it published a new joint-venture law this month making it easier for West European companies to invest in the Yugoslav economy. The keynote is long-term industrial co-operation.

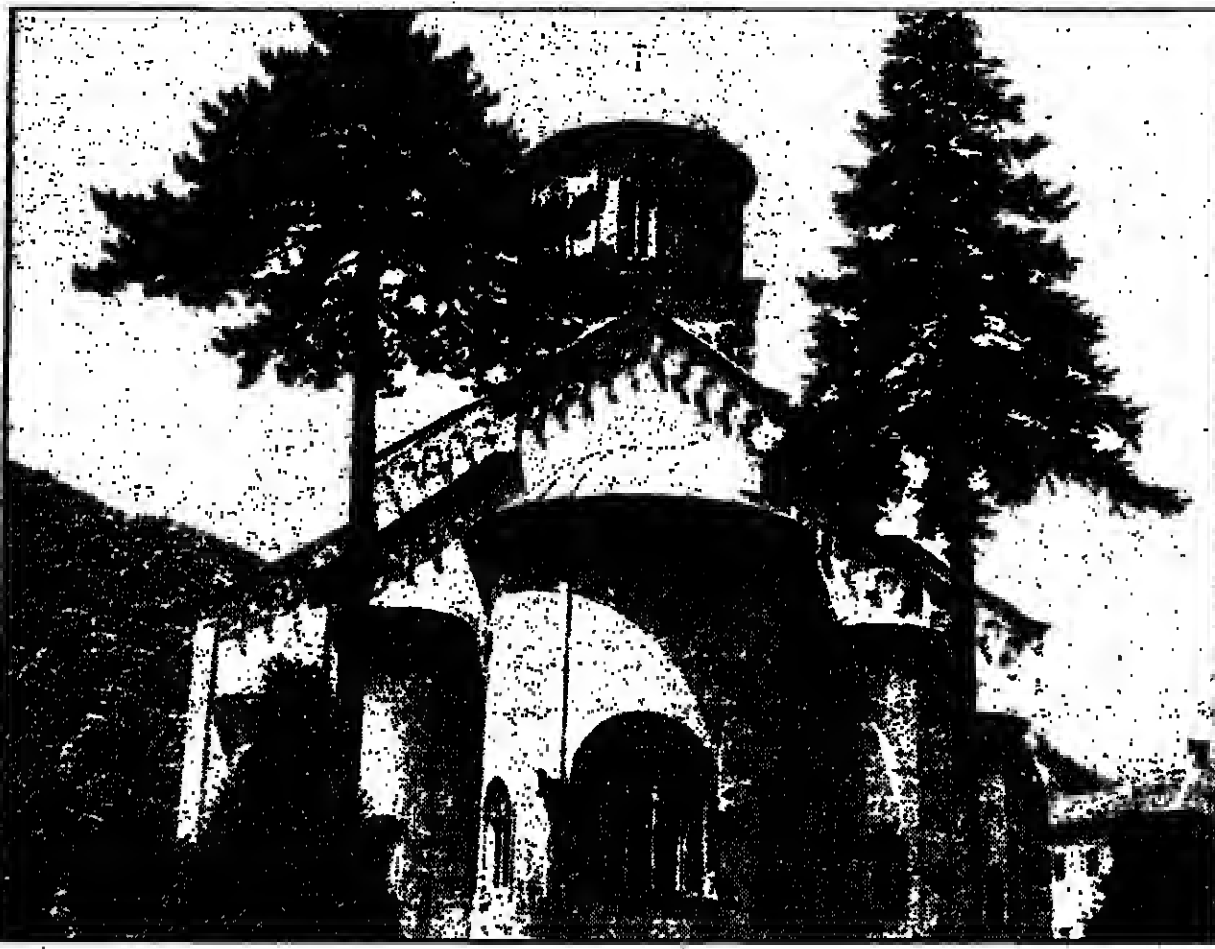
Yugoslav officials will attempt to get something close to special preferences for their industrial exports, although the country's unaligned status would prevent this. The official argument runs that Yugoslavia is at a distinct disadvantage when competing in West European markets against East European producers.

The latter operate planned economies and can sell at below market prices. Officials want removed the large number of quotas and other restrictions limiting the export of such items as electric engines and cables.

"It is unfair that these exports are limited when they employ a large proportion of West European machinery", one official complained before leaving for Brussels.

But trade and the rights of the Gastarbeiter are not the only troubles the Yugoslavs have with the Community. There is a vast range of other matters that will tax the resources of the Community officials.

Yugoslavs want clauses in the new agreement ending the discrimination when riding in Belgrade is a determined one. Although the Yugoslavs have no illusions that the negotiations will be easy, it is widely expected that they will end from June to 12 will have in success.



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to line with the general Yugoslav idea of self-dependence, the country his factory has decided to now has a large armaments buy an anti-aircraft gun and industry to supply most of he is receiving training how its needs, especially the equipment judged necessary what she learnt at school to fight a guerrilla war in and she might tell you Yugoslavia. Officials estimate they are now producing 70 per cent of Yugoslav's arms needs and 90 per cent of all its military needs. Production includes most of the light weapons and anti-tank and anti-aircraft missiles needed. The industry is even ready to turn out a tank designed for the Yugoslav terrain.

Ask housewife what she listened to on the radio last Monday morning and she might tell you of the regular programme which starts and ends with the chilling sound of sirens and the words: "This is the noise you will hear if there is ever an air raid." The speaker then goes on to introduce the housewife to experts who tell her how to treat the injured.

All this activity, which appears to embrace just about the whole nation, is called the system of all-people's defence. If necessary Yugoslavia—a country with 22 million people—could, President Tito said in a recent American television interview, field an army of eight millions.

Mr Edvard Kardelj, the man who together with two others now dead, plucked the idea of workers' self-management out of Marx's *Das Kapital* and endorsed it for Yugoslavia, sees total people's defence fitting into his democratic scheme of things. Every individual should be able to play a part, and be organized, to defend his country.

But while Mr Kardelj, the quiet Communist from Slovenia who is second only to President Tito, can fit the system into his democratic conception of things, military strategists will provide plenty of other arguments for it. These have grown in strength since the Warsaw Pact invasion of Czechoslovakia a decade ago. In what many consider the most brilliant campaign in military history the

Yugoslav Army is one of the best in Europe. But it is difficult to draw them out much these days so how the all-people's defence system works—also though several millions are mobilized in it.

Such reticence may have something to do with the times. It may have something to do with general strategy, too. An unknown force may be a more effective deterrent than a known one and the less reported the better.

Clearly officials have also been angered recently by a German magazine article that predicted that Yugoslavia could withstand an invasion force for about three days—or a week at the most. Whatever the effectiveness of the Yugoslav All-People's Defence Force, this is hardly credible. The Vietnam War decisively revealed the limits of the power of super powers.

P.R.

ISKRA

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# Gold, and the fighting retreat of the US dollar

by William Rees-Mogg

● Gold is the better money in the present and offers the better security for the future. If Washington challenges gold to a knockout fight, there is only one possible victor

The decision of the United States Government to start monthly gold sales from the American gold stock will inevitably strengthen the position of gold and weaken the dollar, once the market has had some experience of these sales.

All past experience of sales from a stockpile is that the initial effect is to reduce the price of the commodity offered, but that the gradual liquidation of the stockpile itself soon begins to strengthen the price again. If the process is completed, the result is that the stockpile is gone and the price is higher.

This has been the general experience of the United States in disposing of stockpiles of scarce commodities and it has been the experience of the sales of gold from the IMF. There is no reason to suppose that this experience will not be repeated. In any case the Americans would not be selling if they did not need the money, and the fact that they need the money cannot help to strengthen the dollar.

American policy towards gold is contradictory and is therefore bound to be self-defeating. The United States Government wants to maintain the dollar as a stronger form of international money than gold, but they still want a soft dollar for domestic reasons. To achieve their objective of knocking out gold, the United States have taken every step except the one which could have had any effect, which would have been to strengthen the dollar.

The world has seen American repudiation of gold convertibility, sales of gold and the announcement that gold is no longer money, an announcement dubiously endorsed by other members of the International Monetary Fund.

None of these measures are related to the problem; they have not stopped, except for intervals, dollars being sold and gold being bought. The problem arises not because of gold but because of the dollar, it is not wicked of gold to be strong, but sad for the dollar to be so weak. The dollar is weaker than gold because the American authorities issue larger

numbers of dollars than the amount of new mined gold which is available to be added to private or public reserve funds. So long as the over issue of the dollar continues it is quite unavoidable that the dollar should fall in its purchasing power of all commodities and in particular of gold itself. That fall will not be consistent, or without interruption, but it will occur.

Last year the increase in the monetary gold stock came to zero. One thousand four hundred tons of gold passed through the market, of which 1,000 tons was used for jewelry, 200 tons for industrial use and 200 tons for investment. Of the supply to the market 1,000 tons were new mined, and 400 tons were existing bullion. Of the new mined gold, 700 tons came from South Africa and 300 from the Soviet Union. We seem to be in a period when there is no net addition to gold reserves. At a higher price there would be some net increase.

The American authorities pay gold a reluctant tribute by showing their animosity towards it. This tribute is quite justified. The world has always needed an international currency and there are at present only three forms that an international currency could take: the dollar, some type of IMF international unit, or gold.

The existing international currency is the dollar, which forms 80 per cent or thereabouts of the currency reserves of countries outside the United States, and is said to account for an equally large proportion of international trade when that is not denominated in the currency of the buying or selling nation.

When the United States was the only fully developed world industrial power in the early post-war period, the dollar formed a smaller proportion of total world reserves and a much more acceptable one. As the United States share in the world economy has fallen, while the rest of the world has grown, the dollar's position has become very difficult. The current position is very close to a crisis, when the current position becomes very difficult.

The large American trade deficit in recent years has caused the dollar reserves to grow still further, and they have risen by the alarming figure of around 50 per cent in the last 18 months. There are too many dollars in the world already, but the United States is still running a large budget deficit, a very large trade deficit, and a medium rate of growth of monetary aggregates. British experience shows that it is only possible to maintain confidence in a reserve currency when the balance of payments on current account is favourable, or at least supportable. The capital position and the current position are very closely linked; when the current position deteriorates the capital position becomes very difficult.

People want to get out of a strong currency, the higher the currency the higher the sales and the harder to arrange a support operation. The scale of support the dollar can require is shown by the \$5,000m spent by Japan to support the dollar against the yen in the month of March alone—one country, one month.

This means that a reserve currency has to be managed in a very conservative way if it is to continue to be acceptable. If the American dollar

was managed on the same basis as the Swiss franc, then other nations would continue to be more than happy to hold dollars and would on the whole make a capital profit out of doing so. Every central bank holding dollars is now sitting on a loss. The very economists in Washington who want to destroy gold in order to maintain the reserve predominance of the dollar also believe that at least mildly inflationary policies are necessary to support the growth of the domestic economy of the United States. They may well be wrong on both counts; they are certainly wrong to suppose that the dollar will again become an acceptable reserve currency if the policy of the domestic United States money supply continues to be more expansive than those of the best alternative currencies.

World currency changes usually work themselves out over relatively long periods. The trends towards the weaker dollar and the strengthening of gold were already apparent by the early 1960s, and one must therefore be cautious about any estimate of the timing of future developments that one might make. Yet the broad pattern of coming events seems very clear.

We are now near the end of the period of dollar predomi-

nance. Given the pressures of American domestic politics, and the lack of understanding in Washington of the relationship between domestic monetary policies and international monetary movements, it is virtually inevitable that the dollar should cease to be acceptable as a reserve currency on the present scale.

Too many nations have lost too much money too quickly as a result of holding their reserves in dollars. The basic American economy remains impressively strong, but nowadays there are other strong economies, particularly that of Japan.

The basic reason for the dollar's trouble is that a democratic electorate wants high expansion and low taxes. As Ricardo observed, "Neither a state nor a bank ever have had the unrestricted power of issuing paper money without abusing that power." There never will be a shortage of politicians willing to spend where they have not taxed, nor nowadays is there any shortage of economists willing to advise them of the wisdom of supporting trade and employment by issuing more money. No money whose issue is controlled by a politician is ever better than the money of a politician who will allow, of course, citizens have to live with their own politicians, but nations do not have to trust the politicians of other nations by holding their foreign currencies.

The new phase will be an attempt to create an international currency which will still be based on the issuing power of government but at second hand. That would involve an international agreement in fund dollar balances into a currency run by the International Monetary Fund. Theoretically, the extension of the system of SDRs could provide the world with the international currency it needs. It is, however, a mistake to think that the pressure of international politics is necessarily less than the pressure of domestic politics or that the motives will be substantially different. To obtain the consent of governments or to obtain the consent of electors requires the

same assurance that there will be "something in it for them". That something in the case of a currency always involves over-issue.

Undoubtedly, the issue of either type of paper currency, whether dollars or SDRs, will be greater than the net addition to the gold stock arising from new mining less new jewelry and industrial use. Gold will be the harder currency of the two.

At present, partly because they are acting under considerable political pressures from the United States, most governments include large quantities of dollars in their reserves, although in real terms those dollars have been an unsound investment. That has left gold to perform the reserve function for a relatively small number of shrewder governments and for individuals.

Now that it can be seen that the weakness of the dollar is likely to continue, even though there will be cyclical periods of improvement, the advantage of gold over the dollar as a store of value will become even more obvious, and the benefits to gold holders against dollar holders will continue to be substantial.

Gresham's law states that bad money drives out good. Of money as a circulating medium that is true. A man who has a good coin and a bad coin will pay with the bad coin and keep the good one. The corollary of course is that as a store of value good money drives out bad. Apart from the Swiss, there are no central banking authorities responsible for a major currency, perhaps not even the Germans, who have a sufficient determination to make their own currency good.

Gold is therefore for two reasons the preferred store of value; the net addition to its quantity is lower than that of competing currencies; an increase in the supply of gold depends on the mining industry and not on the printing industry. Gold is the better money in the present and offers the better security for the future. If Washington challenges gold to a knockout fight, there is only one possible victor.

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## Britain keeps a wary eye on the EEC's shipping lines

Is Britain, that most peripheral of European states, and shipping, that most international and independent-minded of industries, about to provide the EEC with its next important step towards unity in relation with the outside world?

Such a prospect, unthinkable five years ago, is being actively discussed behind the scenes in Brussels, where a top-level working group from the nine is formulating proposals for a "European dimension" for liner shipping for urgent consideration by the Council of Ministers in June.

Britain, which as the leading liner operator stands either to gain or to lose most from greater maritime accord in Europe, is participating with wary fascination.

On the one hand British shipping sees a united European front as the most promising defence against Russian shipping expansion by means of economic co-ordination, control by cargo, and other measures, which British and other western lines are powerless to resist individually.

But on the other it fears that the price of unity may be not only the "bumping hand" of Brussels bureaucracy in affairs which even Whitehall has barely laid a finger on before, but also a possible seepage to less favoured EEC partners of some of that generous share of the liner trade between United Kingdom/Europe and the rest of the world which British lines still enjoy: a century after practically inventing them.

With a fleet of 6,500,000 tons Britain has over a third of Europe's liner tonnage, a share which could be regarded as disproportionate. The share of Europe's overseas trade, which is partly perpetuated by inherited rights in liner concessions which could be regarded as contrary to EEC rules.

Brussels has not hitherto sought to apply these rules to shipping: there is no EEC shipping policy because the member states have so far balked at formulating one. But whatever happens about the Russians, they look like having one soon as a result of a quite separate external pressure: the UNCTAD Code of Conduct, which, among other things, seeks to share out world liner shipping on the basis of 40 per cent for the lines in each end of a trade, and 20 per cent for cargo-traders "from outside".

Western shipping generally has reacted with alarm to the code on grounds of its impracticability than its brusque realisation of cargo from established to developing lines. But three EEC states—Germany, France and Belgium—were rash enough to sign, and promptly had their knuckles tapped by Brussels last year for exceeding power delegated to the Commission under the trade provisions of the Treaty of Rome.

So now the Commission must decide whether, and how, to exercise them. It will not be easy. Most EEC states have bigger fish than shipping to fry, both with the Soviet bloc and the developing world. Why should France, for example, endanger a big trade contract by banning cut-rate Russian ships from her ports, particularly when some of her own exporters are keen to use them?

Disunity is indeed glaringly evident, not only between those who signed the code and those who did not, but within each group. France, for example, probably did so to curry favour with the developing states, and to improve the carrying of her own comparatively small and uneconomic fleet; Germany because the code, however unsatisfactory in detail, seemed probable did so to carry favour with the developing states, and to improve the carrying of her own comparatively small and uneconomic fleet; Germany because the code, however unsatisfactory in detail, seemed probable did so to carry favour with the developing states, and to improve the carrying of her own comparatively small and uneconomic fleet.

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EEC LINER FLEET (Source: UNCTAD)

Britain	6.5m
Germany	3.5m
Netherlands	2.1m
France	1.8m
Denmark	1.4m
Italy	1.3m
Belgium	0.7m
Other	0.04m
<b>Total</b>	<b>17.2m</b>

(World total, 73m; USA, 4.0m)

Bernard Levin

## Fancy, a Pekinese that would rather be a dog

Cats again today: dog-lovers may leave, preferably taking their revolting beasts with them. But the other day I was browsing, on a railway station, along a bookstall display of remainders, when I saw one of the most handsome tabbies I have ever set eyes on, staring at me from the cover of a book called *The Treasury of Cats*. Original price £2.25; sale price 95p; a bargain in two senses. The book contains half a dozen essays by divers hands, including such notoriously cat-besotted writers as Beverly Nichols and May Eustace; but people as daft on cats as I am do not buy books about them for the words, and this one contains 150-odd pictures (a quarter of them in colour) in fewer than the number of pages. The collection is one of the finest galleries of feline photographs I have seen; mercifully, it is almost free of those horrible anthropomorphic ones in which people who don't know what a cat is put hairs or carves on them, or try to persuade them to sit on a child's bicycle in a pose that suggests they are about to ride it. Almost all these pictures are of cats being cats, and as the cat's whole purpose in life is to be a cat, and not to do something else or to do anything at all, that is as it should be.

In all my life, I do not think I have met as many as half a dozen cats I did not like. True, I have taken care to keep out of the way of Chinchillas, the only breed ugly in themselves, and there is a Long-Haired

White in this book that looks like a devil (a feat almost literally impossible for a cat). But cat or kitten, long-haired or short, friendly, aloof or hostile, I love them all. I have, in this column, been through my own feline history, and do not intend to go through it again today; they are buried in various places, my cat-lovers, but in none so deeply as in my heart. (Will the gentleman at the back, who called out "Pooftah" at that point, be so good as to step up to the front, when I shall endeavour to introduce him to Sir John Smyth, VC, who contributes one of the chapters to this book—the Siamese—and who is clearly as cat-crazy as I am.)

There is, of course, no way of conveying the crush of delight that fills a cat-lover while turning the pages of this book; the only advice I can give you is to get it and turn the pages—apart from anything else, if you are not already sure whether you are a cat-lover you will speedily find out. (But I must pause to take issue with Mr Nichols on his claim—accompanying a picture of a kitten apparently admiring itself in a mirror—that "cats and kittens love looking at themselves in mirrors as they are fully aware of how beautiful they are". I have never had a cat which did this at all, which it caught sight of itself in the free-standing glass we had, would approach in a gingerly fashion, put out a



Honourary Cats all in a row: How could these delightful creatures think of themselves as anything else?

paw, retreat, advance again, then run behind the mirror and emerge looking bewildered, after which it would ignore the reflection altogether, even if plucked down facing it.)

Actually, it is by no means true that we never buy cat-books for the text; my own cat-chef contains several unillustrated text-books, and one that came out only a few months ago, Muriel Beadle's *The Cat: History, Biology and Behaviour*, published by Collins, contains not a single photograph; moreover, the line-drawings it does include are there only to make visually the scientific points the author is making in the text. It is a very remarkable book, as a matter of fact, a true encyclopedia of the cat from which every cat-lover, however expert, will learn a great deal. Though I could not help a secret smile

(a positively cat-like one) at this passage, which follows an account—the author is American, incidentally—of some famous cats which, employed as "mouse-catchers" in various public offices, have acquired a wider fame, like Peter, the famous Home Office puss:

The old order changes, however, even in Great Britain. By the 1960s, the new pesticides and rodent-control programs were making it unnecessary for modern office buildings to have resident mousers.

My smile was occasioned by the news, which I read only a few weeks ago, that yet another New Improved Rat-Poison had proved, to the astonishment and dismay of the manufacturers, no longer efficacious, as the rats had developed immunity to it. (No doubt, it will not be long before there is news of a New Super-Strong brand; I give it

three years. Sooner or later, someone will get the point, and feline familiars will once again stalk the corridors of power. The day when a mouse develops an immunity to cats will be quite a day.)

Finally, a book which the author apparently believes is about dogs. This is obviously a mistake, as if it were about dogs I would hardly be writing about it. It is easy, however, to see how the mistake arose in the mind of the author, Rumer Godden, for the book, called *The Butterfly Lions* (published by Macmillan), is about the Pekinese, upon which delightful creature I long ago officially bestowed the rank and title, together with all rights, privileges and precedences pertaining thereto, of Honourary Cat. At the same time withdrawing recognition of it as a dog, upon which I serve both

Possibly Miss Godden missed the decree; in any case, I am not disposed to be severe with her, as her book is so charming that I would treasure it even if it were about dogs, more than which I cannot say. She hangs her account of this noble little beast on the peg of the Pekinese brought out of the ruins of the Summer Palace when it was sacked as the culmination of the Second Opium War and presented in Queen Victoria's but in describing the life and times of "Lootie" (a grimly facetious name), the bridge between the Queen of England and the monstrous Empress Dowager of China, Miss Godden turns her book into an astonishingly succinct survey of the character, history and mythology of the little dog that is, cat. (She includes a poem in which it is implied that the Pekinese is a dog, but she thought a dog. Absurd fancy!)

I shall go on collecting cat-books until I can only carry a cat, and I do not doubt I shall go on collecting them even then. There is no end, literally no end, to the fascination of a cat, or to the variety of moods and personalities expressed under the word, or for that matter to the variety of moods and attitudes that any one cat will display. I still do not know why I love them as I do, but I know that nothing will ever come between us. A harmless, necessary cat, a Shyluck called it; oh, but it is much more than that.

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## ABORTION CONTRACEPTION IMMIGRATION EMIGRATION STARVATION

Can people argue against contraception when one third of all pregnancies in the world end in abortion?

Can immigration be causing an economic problem when 41,000 more people left Britain last year than came into it?

Why is one tenth of the world's population starving when there is sufficient food to go round?

### THE FACTS WORLD POPULATION REPORT

These are some vital issues featured in the WORLD POPULATION REPORT

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### Deep Throat disgorges a challenge

I have a message this morning for Mr Callaghan from Deep Throat, the elusive Whitehall source who caused a furore two years ago when he leaked Cabinet minutes about the postponement of the child benefit scheme. After surviving two high-powered inquiries aimed at tracking him down, Deep Throat has decided to break his silence to comment on Mr Healey's Budget proposal to raise the child benefit rate. Through an intermediary, Deep Throat has asked me to relay to Mr Callaghan this offer: "Give us more money for the kids and you will get a few more hints as to my identity."

It was in June, 1976, that Deep Throat leaked the Cabinet minutes to Frank Field, director of the Child Poverty Action Group, who used them to write an article in *New Society* about the postponement of the child benefit scheme. The scheme was intended to abolish family and child tax allowances and combine their value into a new child benefit for the mother. The father was to lose tax relief.

The leak led to fruitless inquiries by Sir Douglas Allen, head of the Home Civil Service,

and by Scotland Yard, who even took the fingerprints of several ministers for elimination purposes in their attempts to expose Deep Throat.

Child benefits were raised in the Budget to £4 for all children by next April. Deep Throat says: "My aim was to get the child benefit rate up to the rate paid for the children of unemployed men. I still think Mr Callaghan would like to know who I am and if he and Mr Healey are prepared to be more generous I might leave a nice trail for them to discover me."

He adds: "Since the leak, I have experienced some pleasure and some worry. Now I am just pleased that we have the beginnings of a real child benefit scheme in this country."

**Big-hearted**

An office-bound husband (I can tell you only that he is an executive in the records business) will have the biggest surprise of his life when he drives towards Shepherd's Bush road, west of London, on Monday morning.

His wife has rented a 36ft by 10ft advertising site from More O'fer, the all-fresh signboard people. On it, it will be her greetings (hand-painted, but not by her) for his forty-second birthday.

## THE TIMES DIARY/PHS

"I don't want to alarm you, Mrs Haslam, but I'm going to prescribe you a pill..."



Children at a primary school in Kent were stretched to the limit of human endurance by a recent charity event. After collecting lists of sponsors they embarked upon a "sponsored silence" one afternoon in the classroom. A golden 30 minutes passed without a sound.

### The monstrous Mr Windscale

No one can accuse Friends of the Earth, energetic in all other conservationist respects, of rushing into print. The first issue of their tabloid newspaper *Nuclear Times* was published in 1975. The second issue came out yesterday.

Their timing is exemplary. The new issue, stamped "Final" as a warning of the holocaust to come, looks back at the Windscale inquiry and forward to a mammoth anti-Windscale demonstration in London on April 29 which the Friends are helping to organize.

Typographical oddities apart (the flakey black headlines look more like bad inkling than the intended effect of nuclear radiation), the tabloid is both a grim and amusing progress report on mankind's march towards what the Friends see as unspeakable nuclear folly.

### England keeps the flag flying

It was a bold, nay outrageous, act of derring-do when the English Tourist Board took over the Empire Napoleon exhibition at the Café Royal the other day to launch their Taste of England campaign with Craster kippers, Wiltshire porkies et al. Sir Charles Fort's flagship restaurant is, after all, flying the Italian colours to celebrate its first festive gastronomic.

Is it in another fit of xenophobia, or is it mere coincidence, that the board has come out with *A Taste of England 1978* guide in a week which also sees German cuisine dominating the menu in the Berjeman Room at the Charing Cross Hotel?

I was not able to sample the

kipper or sausages at launching breakfast thrown the tourist board. But I used the mappe di pesce (Venezian) at the Café, and can say, based on stomach that here is a first dish touches the sublime. As for the Wiltshire Councillor soup (it sounds cannibalistic) in *Chester* (Gehimnastuppe) at the Café which is being served at the Charing Cross Hotel, it will be demolished to see how it arrives at your table disguised as a monster steak and kidney pudding, the masquerade sustained even as far as the crust.

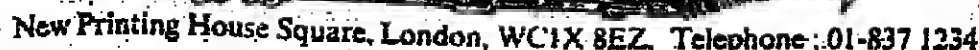
The cup final is being postponed for the benefit of West

### Playing the game—a little later

The cup final is being postponed for the benefit of West Bromwich Albion, which is odd, you may think, since West Brom are no longer contenders, having been dispatched by Ipswich in the semi-finals. But it is the Chinese national final is being delayed in their honour, not the annual ritual at Wembley. The All-China Sports Federation have announced their football final will be held over from May 13 until May 15 specifically so that the West Bromwich team, who are due to arrive in China on May 14, will be able to watch West Brom, the first British team to visit the People's Republic, are scheduled for games in Peking, Shanghai, and if they can stand the pace, Canton.

As for the Wiltshire Councillor soup (it sounds cannibalistic) in *Chester* (Gehimnastuppe) at the Café which is being served at the Charing Cross Hotel, it will be demolished to see how it arrives at your table disguised as a monster steak and kidney pudding, the masquerade sustained even as far as the crust.





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ARNOLD...  
advances in  
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المجلة  
الاقتصادية

Taylor & Francis  
Woodrow...  
taking a constructive  
approach to every  
size of project

# Rise in consumer spending puts total near peak of last boom year

Melvin Westlake has been a marked feature of the level of spending by private individuals. It has risen to its highest point for more than four years, according to figures published yesterday by the Central Statistical Office.

Particular there has been a significant increase in the purchase of motor vehicles and household durable goods—those that are usually bought only when a consumer boom is under way.

Real consumer spending is estimated to have risen 29.01% during the three months of this year compared with 1977 prices and seasonally adjusted.

This represented an annual rate of increase over the three months of 5.3%.

It is the third consecutive rise after several months of flat or falling consumer expenditure in late 1976 and early 1977. As a result, consumer spending is now only marginally below the level reached at the peak in the last boom during 1973.

A significant increase in consumer spending has been generally predicted by most economic forecasters. According to these forecasts the rise in 1978 will be between 4.5% and 5%, compared with 4.5% in 1977. The Treasury is also predicting a rise in 1978 of 5%.

Behind the rise lies the fact that real incomes are growing at the first time for some while, as the rate of inflation drops below the increase in earnings from employment.

At the same time, the tax burden has been reduced by the Chancellor, Mr. Denis Healey, in his Budget, October 1977, and that there is more money in the pay packet.

Also, the level of savings has been high in the recent past, so it is possible that people are beginning to draw upon these savings. As spending by private individuals is by far the largest part of demand for goods and services within the economy, a rise of 5 per cent in such spending this year would give a boost to the level of output.

So far, however, there is little sign of this happening. Output has remained depressed because of a high level of involuntary stocks had been built up by industry, and it appears that these are being run down before higher demand can have any impact on the level of production. Some of the higher demand also seems to have been met by imports.

This is why the economy is forecast to grow this year at no more than 2 per cent in spite of the high level of consumer spending.

The rise of 29.01% in consumer spending during the first three months of this year is broadly consistent with the Treasury forecast, published with this month's Budget.

They projected total spending during the first half of 1978 at £18,200m (at constant prices), which means that another fairly sharp rise is expected during the second quarter.

Yesterday's figures show that besides motor vehicles and household durable goods, there was also an increase in purchases of alcoholic drink and fuel and light, although recent cold weather might account for the latter.

Radios and electrical goods have encountered particularly high demand. The general trend of spending has been beralled by the buoyant level of retail sales, since the start of the year. Retail sales, which account for about half of total consumer spending, have actually risen rather faster than consumer spending as a whole, growing at an annual rate of just under 6 per cent between the fourth quarter of 1977 and the first quarter of 1978.

Retail sales include items like house and cars, as well as fuel and light, alcohol bought in public houses, travel, and services like communications, catering and entertainment.

Table, page 26

# 'Price fixing' of animal feedstuffs criticized

Evidence of price fixing by six of the seven largest suppliers of animal feeding stuffs has been submitted to the Office of Fair Trading by the Price Commission.

In a report on the industry published yesterday, the Commission concluded that competition in the £1,200m a year industry was limited. Prices were set by the largest supplier, BOCM, which provided an umbrella under which less efficient firms had been able to shelter.

The six companies listed as the largest in the industry (which has a share of over 21 per cent) are: RHM Agriculture, Safford's Farm Feeds, I. Bibby & Sons, Nitrovin, Paul & Whites Foods and Dalgety Crossfields.

The Commission says that not only has it found evidence that six of the seven companies, which account for over half the market, coordinated price increases in 1976 and 1977, but an historical record of notification of price changes to the Commission points to a clear price parallelism.

"This parallelism is stricter than can be justified by the proportion of common costs in the final products," the Commission believes. It found wide differences in efficiency between the 235 manufacturers and 70 or so agricultural merchants concerned.

BOCM, described as having good management and efficiency levels, stood out from its smaller competitors both in terms of profitability and return on capital. Its own profit margins, which increased from 3.2 per cent to 5.5 per cent in the four years to 1977-78, are well ahead of the 2 to 3 per cent average.

During the same period, return on capital employed increased to reach 25 per cent, calculated on a replacement cost basis in each of the last two years. This was found to be considerably above that of the next highest company.

The Commission said that it is satisfied that the results, while they were made possible by good management and efficiency were helped by the company's position as price leader.

As well as criticizing the industry for insufficient price competition, the Commission expresses disapproval of a system of "loyalty discounts" operated by BOCM which it maintains also inhibits competition.

The discount arrangements are linked to a requirement that customers should not place orders elsewhere, and the Commission would like to see them replaced with cost-saving related discounts.

It has drawn the BOCM discount schemes to the attention of the Monopolies and Mergers Commission, which is at present reviewing discounts in general.

The Office of Fair Trading said last night that it had received the evidence from the Commission on price fixing arrangements and was examining it with a view to sending out notices legally requiring further information.

# Finance Bill opens way to international check on avoidance schemes Inland Revenue to work with EEC

By Maurice Coriua

The Inland Revenue is to collaborate with the authorities throughout the European Community on the monitoring of confidential tax returns and payments by individual taxpayers and companies. Transfer pricing within companies will be screened.

First stage of the Inland Revenue's participation in an EEC clampdown on tax evasion and avoidance is Clause 62 of the Finance Bill, published yesterday. This sets out the national provisions by way of statutory authority under which the Commissioners of Inland Revenue will be able to comply with a Community directive for mutual assistance between member countries in the field of direct taxation.

The Treasury stated last night: "This mutual assistance consists of the supply of information about the affairs of taxpayers, subject to safeguards preserving their confidentiality, for the purpose of helping the United Kingdom and other member countries' tax authorities to assess their own taxpayers correctly."

The directive, to be signed by the British tax authorities, is part of a reciprocal basis traces to a quiet agreement in principle reached within the Council of Ministers last autumn. Plans for joint working were started as long ago as February, 1975, when it was felt that international tax evasion and avoidance needed some form of common action.

There is already a degree of bilateral assistance between member states' taxmen; but the new working arrangements are to be Community-wide and will involve a procedure for the systematic exchange of information needed to determine correct liability to taxes on income and on capital.

Exchanges of confidential information will take place at the request of member states, but there is to be transmission of unsolicited information, too. The types of cases for automatic unsolicited tax information are to be worked out.

Any revenue authority which feels it has information of interest to others can engage in what is described as a "spontaneous" exchange. One example of the spontaneous exchange concerns an exercise in establishing whether tax is being avoided by the device known as transfer pricing between companies owned by the same group.

The Community Directive, which is the basis for this collaboration, has envisaged one tax authority underlying the other on behalf of another under common rules. This goes beyond exchanging data, and can be reinforced by the Inland Revenue in Britain authorizing a European counterpart's officials to be present on United Kingdom territory for the purposes of "clarifying a given situation".

This authority for another country's taxman to come into Britain is expected to be optional and can take place only with the Inland Revenue's expressed agreement. Strict common rules of secrecy have yet to be worked out to ensure information is not improperly disclosed or used for purposes other than taxation.

An early candidate for joint working appears to be transfer pricing. The aim seems to be to draw up common rules to be applied throughout the Community to deal with the practice of drawing on a pool of exchanged information and evidence of tax avoidance.

# Federal plan to bring accountants together

A new and potentially controversial initiative is being made by the fastest growing United Kingdom accountancy body—the Association of Certified Accountants—to bring the different branches closer.

In a discussion document which has been overwhelmingly backed by the association's district societies in conference, entitled "An Association of Ideas", the 20,000-strong Certified Accountants propose that the six separate United Kingdom accountancy bodies should join in a federation.

An integral part of the suggestion is that there should be a register of accountants kept by the Department of Trade, something in which many of the 65,000 members of the larger Institute of Chartered Accountants in England and Wales are strongly opposed.

The Association of Certified Accountants, who unlike the Institute does not require students to take articles before they can sit professional examinations, sees its proposals as a more satisfactory solution to the fragmentation of accountancy in the United Kingdom than the ill-fated plans for total integration of nearly a decade ago.

To fill the gap which was left by the failure of integration, the six bodies formed the Consultative Committee of Accountancy Bodies in 1974, which has since been seen as the mouthpiece of the profession.

But it has tended to be dominated by the English Institute of Chartered Accountants whose leading firm and in-depth research has made it a natural leader.

When the committee was set up, the English institute was allowed to provide the chairmanship for the first five years. That runs out in November 1977, a fact which makes the timing of the Certified Accountants paper particularly significant.

The Certified Accountants would like to make the leadership of the profession less associated with the English institute and to move again, gradually, along the road of integration.

Its chances of doing so would seem very strong.

Despite its shortcomings, the English institute believes that the ad hoc CCAB arrangement has worked well. Its Accounting Standards Committee has become increasingly respected and powerful, its parliamentary activities have provided a strong lobby on company law and the Auditing Practices Committee is shortly to produce its first set of standards.

As a result partly of the throwing out last year's proposals, the CCAB has been reviewing its procedures under the leadership of Mr. Eric Sayers, next year's English Institute president. The Accounting Standards Committee is also conducting a review led by Mr. Tom Watts, its new chairman.

Nicholas Hirst

# Ed plea for a form of incomes policy

Frank Vogel, chairman of the Federal Reserve Board, has urged a form of incomes policy to curb inflation.

He said that the Federal Reserve Board of the United States was "very much concerned" about the inflationary pressures in the United States, and that it was "very much concerned" about the inflationary pressures in the United States.

He said that the Federal Reserve Board of the United States was "very much concerned" about the inflationary pressures in the United States, and that it was "very much concerned" about the inflationary pressures in the United States.

# Poland seeking credit facilities to build more merchant ships

By Peter Hill

Poland is canvassing the world's shipbuilding industry in search of extensive credit facilities to support the building of more merchant ships.

It is understood that the Polish government is seeking a loan of \$1,000 million to build 20 vessels initially.

The series of vessels being sought by PZM, the Polish state shipping company (which was involved in the earlier deal with Britain) involves eight vessels with PZM which will own the ships being built in Britain and which will be chartered to that company by PZM.

It is also understood that the Polish government is seeking a loan of \$1,000 million to build 20 vessels initially.

# 1,300 more tax staff may be needed

By Our Industrial Editor

Up to 1,300 more staff may be required by the Inland Revenue to cope with extra work flowing from the Budget measures. However, the Treasury is giving no official figure beyond the estimate of the number of staff required to implement changes in the Finance Bill.

The additional staff costs of introducing a lower band of income tax are estimated at about 600 man-years in the current financial year, and about 1,300 man-years annually from 1979-80. This year there will be a need for overtime equivalent of about 440 man-years to carry out changes to PAYE codes.

Implementing changes in personal allowances and higher rate threshold will require about 500 man-years of work in tax offices. But annual savings of up to 470 man-years are expected from the reduction in the number of people out of the tax. (For the current financial year the saving is 210 man-years.)

Other measures proposed in the Finance Bill, taken together, will produce a small overall extra cost of about 50 man-years this year and about 50 in subsequent financial years compared with the numbers which would otherwise have been required.

# Assessments for working wives under lower rate band clarified

By Margaret Stone

Particular queries in respect of working wives after the introduction of the new 25 per cent tax band have been resolved with the publication of the Finance Bill.

Whether the wife opts for separate taxation (where husband and wife are individually taxed as single people) or is taxed with her husband, in addition to the wife's earned income relief of 1985, will pay tax at 25 per cent on only the next 170 of her earnings.

If the effect will be paying 25 per cent on combined earnings of £1,500. However, this is no way increases his threshold for higher rate tax, which remains at £7,000.

Last night the life assurance industry expressed itself well pleased with the "nuptial" amendments to the 1975 Finance Act which introduced the concept of life assurance premium relief (LAPR) by deduction.

In other words, the policyholder pays a net premium to his insurers and the Government makes good the missing tax relief to the insurance companies.

A major worry had been that short-term accident policies, many of which are combined with life assurance contracts, would not be included under the LAPR system.

However, following discussions with the industry the Government has allowed policies which are mixed like this to remain in the relief. Another snag ironed out is that servicemen overseas can pay net premiums although non-residents in general are excluded.

Although it is not displeased with yesterday's proposals, the life assurance industry remains fundamentally unhappy about the introduction of the LAPR by deduction scheme which comes into operation next April which is proving much more costly to implement than had been envisaged.

Details are set out in the Finance Bill about the Government's proposal to eliminate some of the tax-avoidance schemes which have crept into capital transfer tax planning, particularly in respect of settled property. Until now it has been possible to secure immunity from capital transfer tax on a discretionary trust when the settled property reverted to the settlor, widow, or spouse.

It has been possible to take advantage of this clause by the settlor (the person who made the trust) taking out a reversionary interest in the settled property.

In future, exemption from discretionary trust charges will not apply in these circumstances.

Other amendments provide for a charge to be made where the property is not settled, and makes two minor changes in the relief for government securities held by people domiciled and ordinarily resident outside the United Kingdom, preventing abuse of the relief where the securities were settled property.

# Customs to ease transit rules

Greater flexibility in treating goods in transit has been given to Customs and Excise in the Finance Bill. The change means such goods may not necessarily have to be examined at the port of entry or exit but can be cleared at another place.

This could ease the formalities associated with the import or export of container traffic where goods would not otherwise be unpacked for transhipment until they reached their destination.

# Two 'tap' issues soon exhausted

Remaining supplies of the Government's long-dated "tap" stock, Exchange 104 per cent 1955, were quickly declared exhausted. This means that the two "taps" running dry within 24 hours of each other, the stocks are now cleared for the authorities to issue new stocks.

Winnott prizes sent to ancillary writers

A £700 senior Winnott prize for outstanding achievement in music and financial journalism has been won by Mr. Stephen Fildes, a contributor to the *Investors' Guide* and *Europe Money*.

The Winnott Foundation commends Mr. Harold Winnott, financial columnist who in 1969, announcing the 1977 awards, named the foundation named Bernard Dineen of the *Post* as the leading financial journalist on a professional basis. He receives £500.

Michael Lafferty of the *Times* has been named as the leading financial journalist under 28 and is awarded £350.

Awards panel commended the articles in *The Times* for their productivity and influence and recommended the use of books to their author, William Rees-Mogg, editor of *The Times*. Mr. Rees-Mogg presented with the collection of David Ricardo.

### How the markets moved

The Times Index: 19537 - 1.74  
The FT index: 4548 - 6.8

#### Rises

Assam Trading	10p to 380p	Hickson Welch	7p to 172p
Aroclor	5p to 7p	Killinghall	5p to 210p
Caledonia	5p to 125p	McLeod Russell	10p to 217p
Cons Plant	7p to 141p	Martinson	13p to 160p
Fisons Elect	5p to 230p	Mills & Allen	12p to 167p
Fluorochem	6p to 317p	Perry Mts	11p to 185p
Posen Mtn	6p to 138p	Steel Bros	7p to 375p
Freemans Ldn	6p to 308p	Sotheby, P. E.	7p to 254p
Hampton Ltd	12p to 124p		

#### Falls

Broken Hoi	25p to 575p	Peko Wallace	22p to 445p
E Drieston	61p to 594p	Southall	23p to 430p
Ford Mtr BDR	15p to 185p	Tiger Oats	30p to 530p
Kinross	24p to 269p	Turner Newall	15p to 173p
Libanos	36p to 424p	Winchell	40p to 57p

#### Equities fell back

Gold-edged securities lost ground. Dollar premium: 107.75 per cent (effective rate 46.22 per cent). Sterling dropped 195 points to \$1.8245. The effective exchange rate index was at 61.5.

#### On other pages

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#### THE POUND

Australia	2.67	Bank	1.11
Belgium	25.75	Bank	1.11
Canada	25.75	Bank	1.11
Denmark	6.15	Bank	1.11
Finland	8.00	Bank	1.11
France	8.74	Bank	1.11
Germany	2.36	Bank	1.11
Italy	7.00	Bank	1.11
Japan	165.00	Bank	1.11
Netherlands	43.00	Bank	1.11
Norway	10.30	Bank	1.11
Portugal	73.00	Bank	1.11
S Africa	2.06	Bank	1.11
Spain	150.50	Bank	1.11
Sweden	8.79	Bank	1.11
Switzerland	3.74	Bank	1.11
US	1.83	Bank	1.11
Yugoslavia	37.00	Bank	1.11

#### Commodities

Barley	144.50	Barley	144.50
Barley	144.50	Barley	144.50
Barley	144.50	Barley	144.50

# Turner and Newall raising £32m with rights issue

By Nicholas Hirst

Turner & Newall is raising £32m by a one-for-four rights issue at 150p per share. The announcement knocked 13p off the group's shares to 175p yesterday leaving them at only a 12 per cent discount to the issue price.

The group spent £16.3m in the United Kingdom last year, which was 70 per cent higher than a year earlier, and is planning to spend over £25m at home this year, with a further £28m overseas.

Without the rights issue, borrowings would have increased substantially and could have risen to more than 50 per cent of shareholders funds by the end of 1978.

The principal reason on which capital is to be spent are a new unit for the manufacture of PVC resin, which will increase annual capacity by 50,000 tonnes from mid-1979, and a new plant for glass fibre resin. Both projects are diversifications from the group's traditional asbestos business.

There is no forecast for profits for the current year, which the group says has so far proved disappointing.

It is, however, intended to increase the dividend by 13.9 per cent to 17.42p gross. As the rights will take up a large proportion of the existing unissued but authorized capital of the group, T & N intends to ask shareholders at an extraordinary meeting on June 6 to increase the authorized capital by a further 20 million ordinary shares to 140 million shares of £1 nominal each.

Financial Editor, page 27

### ANGLO AMERICAN CORPORATION GROUP

#### ORANGE FREE STATE GOLD MINING COMPANIES

INTERIM DIVIDENDS—FINANCIAL YEARS

On April 20 1978 dividends were declared in South African currency, payable to members registered in the books of the undermentioned companies at the close of business on May 5 1978, and to persons presenting the relevant coupons marked "South Africa", detached from above stock warrants to bearer.

The transfer registers and registers of members will be closed in each case from May 6 to May 19 1978, both days inclusive. Dividends will be payable on or about June 6 1978. Registered members paid from the United Kingdom will receive the dividend in sterling equivalent on May 30 1978 of the rand value of their dividends (less appropriate taxes). Any such members may, however, elect to be paid in South African currency, provided that the request is received at the offices of the transfer secretaries in Johannesburg or in the United Kingdom on or before May 5 1978.

Holders of share/warrant certificates to bearer are notified that the dividends are payable on or after June 6 1978 upon presentation of the respective coupons (marked "South Africa") at the offices of the transfer secretaries in Johannesburg or in the United Kingdom. The dividends will be payable in sterling equivalent on May 30 1978 of the rand value of their dividends (less appropriate taxes). Any such members may, however, elect to be paid in South African currency, provided that the request is received at the offices of the transfer secretaries in Johannesburg or in the United Kingdom on or before May 5 1978.

Proceeds of dividends in respect of coupons marked "South Africa", may, at the request of the depositors, be converted through an authorized dealer in accordance with the Republic of South Africa into any currency. The effective rate of exchange for conversion into any such currency will be that prevailing at the time the proceeds of the dividends are deposited with the authorized dealer in respect.

The effective rate of non-resident shareholders' tax for all the undermentioned companies is 15 per cent.

The dividends are payable subject to conditions which can be inspected at the head and London offices of the companies and also at the offices of the companies' transfer secretaries in Johannesburg and the United Kingdom.

Name of company (each of which is incorporated in the Republic of South Africa)	Dividend No.	Coupons marked "South Africa" No.	Rate of dividend per share/unit of stock
Free State Gold Mines Limited	42	43	A=130 cents
President Brand Gold Mining Company Limited	46	48	B=65 cents
President Brand Gold Mining Company Limited	46	47	C=30 cents
Welton Gold Mining Company Limited	42	—	D=25 cents
Western Holdings Limited	46	—	E=100 cents

#### ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

Secretaries  
per R. S. EDMUNDS  
Companies Secretary

Head Office:  
44 Main Street,  
Johannesburg 2001  
(P.O. Box 616)  
Marshalltown, 2107

London Office:  
40 Mark Lane  
EC3P 1AJ

Office of the United Kingdom  
Transfer Secretaries:  
Charter Consolidated Limited  
P.O. Box 55  
Charter House  
Park Street  
Aldershot, Hants GU11 2EQ

Johannesburg  
April 27 1978



# ROCKWARE GROUP '77

"Another record year for the company and an improvement over 1976 of more than 24 per cent."

J.H. Craigie, Chairman

- \* Seventh record year in succession for Group pre-tax profits.
- \* Progress was maintained in spite of a disappointing second half in Rockware Glass.
- \* Rockware Plastics operating profit was 150 per cent up.
- \* BRK, the glass mould making subsidiary, made record profits, with 36 per cent of its business in exports.
- \* The new engineering subsidiary, Rockware Kingspeed, settled down well.
- \* Rockware International made a substantial profit contribution.

	1977 £000s	1976 £000s
SALES	89,223	72,554
PROFIT before tax	7,778	6,266
PROFIT after tax and minority interests	6,872	5,668*
ORDINARY DIVIDEND maximum permitted	8.00p	5.36p
EARNINGS PER SHARE	33.06p	31.64p*

\*1976 figures have been re-stated to reflect the change in the accounting treatment of deferred taxation.

"We are now in a good position to take advantage of the greater consumption which should be brought about by the recent budget, and of any increased seasonal demand"

The Annual General Meeting of Rockware Group Limited will be held at 3.00 p.m. on 17th May, 1978 at Winchester House, (Hall 14) 100 Old Broad Street, London EC2.

## Queen's awards for exports and technology

By Edward Townsend

Small British companies who have sold loudspeakers to Japan, dairy products to Holland and logs to Sweden and Norway are among the 124 Queen's Awards for exports and technology announced today.

They join divisions of large industrial groups like the British Steel Corporation, ICI, GEC and Plessey in winning awards for which this year there were a record of 1,860 applications, 51 more than in 1977.

The pharmaceutical division of Imperial Chemical Industries receives one of the 17 technology awards for the development of the drug Tamoxifen, used in the treatment of breast cancer, and a similar award goes to the research institute of Smith Kline and French Laboratories of Welwyn Garden City for the discovery and development of Tagamet, a drug which allows treatment of peptic ulcers without the need for surgery.

Two other ICI divisions won technology awards in the areas of high organic chemistry and crop protection. Among those to win awards for export achievement are Invicta Plastics of Leicester, manufacturer of the game Master Mind and other plastic products, which reports a five-fold increase in exports, and a small soft drinks firm, Solent Canners of Southampton, whose principal brand, Vimto, is beating international competition in the Middle East.

The smallest company to win an award is Tufing Industries of Co Antrim, a three-man concern which has doubled exports in the last three years of tufted bedspreads and dressing gowns.

In the export award section, a number of non-manufacturing companies are honoured for

their invisible exports. They include Booker Agriculture International of London which provides management, consultancy and training services to overseas clients, and C. E. Heath of London, a Lloyd's insurance broker.

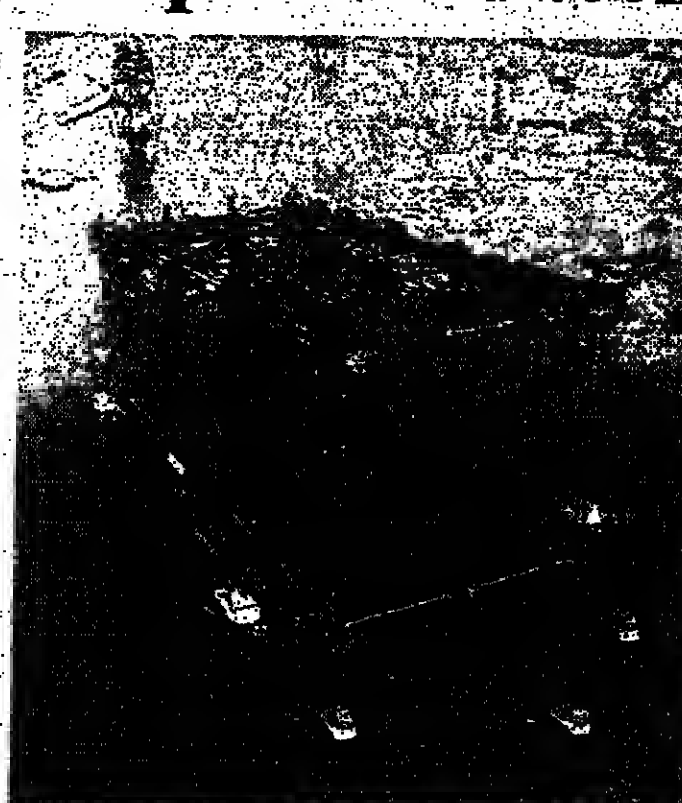
B. and W. Loudspeakers of Worthing gain the award for exporting loudspeaker systems to 30 countries, including Japan and the United States, and Forest Thinnings of Hampshire is recognized for its success in increasing by seven times its exports of timber to Scandinavia, France, Germany and Holland. Eilers and Wheeler (UK) of London is awarded for its tenfold increase in exports of butter and dairy products.

Technology awards to companies for work associated with development of the North Sea oilfields include one to CJB Offshore, a member of the John Brown Group, for the project engineering of the Thistle "A" oil production platform, the biggest structure of its type in the world.

Subsidiaries of three nationalized industries, British Steel Corporation (Overseas Services); International Aeradio, part of British Airways; and Transportation Systems and Marker Research, a British Rail subsidiary, all win export awards.

Two Ministry of Defence divisions, the Royal Ordnance Factories for sales of defence stores and equipment, and the Hydrographic Department at Taunton for world sales of charts and publications, receive export awards.

Blacks of Greenock, the company which produces the special flags flown by the Queen's Award winners, itself gets an award for a big increase in exports of tents and camping equipment, flags and tarpaulins to 30 countries.



Thistle "A", the 35,000-ton, 968-ft high North Sea oil production platform, for which CJB Offshore gained the Queen's Award for technology achievement.

Here is a complete list of the Queen's Awards for export and technology:

### FOR EXPORT

A. & J. (Staples); A. E. Auto-parts; AGA Navigation Aids; The Cryogenic Systems Division of Air Products; Alginate Industries; Aljose Fashions; Anco Productions (Portsmouth); Arto Chemicals; The Associated Portland Cement Manufacturers.

B. & W. Loudspeakers; Balfour Beatty; Bearings (Non-Lube); Blacks of Greenock; Bland Payne Holdings; Booker

Agriculture International; Borchorpe Cropstores; Bradbury Wilkinson; Breidwate & Co Structural; British Steel Corporation (Overseas Services); David Brown Tractors; Frans Buitelaar.

Camrex; Carnation Foods; Hamish Cathie Travel Scotland; Clan Laid Fashions Scotland; Conference Services; Conoco; The Magnetic Media Manufacturing Division of Control Data; Coronet EM; Costain International.

D.J.B. Engineering; Davies Turner & Co; Michael Davis (Shipping); Dawson Keith Electric; Thomas De La Rue & Co; David Fabrica.

Eilers & Wheeler (UK); Elcometer Instruments; Electrosonic; Elliott Turbomachinery; The International Division of EMI Records; The Clay Division of English China Clays; Ever Ready Co. (Holdings); Ewbank and Partners.

Farrow Irrigation; The Pharmaceutical Division of Fisons; Floates; Forest Thinnings; GEC Measurements; General Instrument Microelectronics; Glenhill Furnishings; W. R. Grace; Great Experts; Gunson's Sortex.

William Hare; C. E. Heath & Co; Hestair Dennis; L. B. Holliday & Co; The Aviation Division of Alexander Howden Insurance Brokers.

International Aeradio; International Aviation Services (UK); International Genetics; Invicta Plastics.

J. K. Lasers; James Johnston & Co of Elgin; Justarini & Brooks.

Kangol Wear; Kodak; Kwikform.

Maber & Johnson; Magnetic Components; Marconi Avionics; Medelec; Minet Holdings; The Hydrographic Department of the Ministry of Defence; Royal Ordnance Factories Ministry of Defence; A. H. Moody & Son; Alan Newman.

Ogdens (Orley); The Pacific Steam Navigation Company; Frederick Parker; Petter Power Generation; The Electronic Exchange Division of Plessey Telecommunications; Portakabin; The Pullman Kellogg Division of Pullman Incorporated in the United Kingdom.

Racey & Laythorn; Rowntree Makintosh; Royal Doulton Tableware; Ruston Gas Turbines.

SGB Export; The Serck Glocon Division of Serck Audco.

Valves International; Sheerness Steel Co; Sheffield Simon; Shubens of London; Simon Hartley; Simon-Vickers; The Link-Miles Division of The Singer Co (UK); Hugh Smith (Glasgow); Solent Canners; South Wales Switchgear; Space Decks.

John Taylor & Sons; Transposition Systems & Marker Research; Tufing Industries.

IBM Overseas; White House Danlers; Wiggin Trade.

### FOR TECHNOLOGY

Acoustical Manufacturing; Hummingbird; a circuit design claimed to be the first successful application of fixed forward techniques for Hi-Fi audio amplifiers.

The Nondestructive Testing Centre, Atomic Energy Research Establishment, Harwell, Oxfordshire—Development in collaboration with Rolls-Royce of techniques in high energy radiography.

R.C. Subsystem Services, Harrogate—Development of underwater welding equipment.

Brookdeal Electronics; Bracknell; Berkshire—Development of fourth generation signal processing instruments which provide improved performance and new abilities.

CJB Offshore, London—Design and development of production platform facilities and support structures for use with the Thistle Field in the North Sea.

Dowry Mining Equipment; Tewkesbury—Development of control systems used with powered roof supports in mines.

East-Malling Research Station, Kent—Development in collaboration with Wye College of hop plants of greatly improved performance due to freedom from virus infection.

Powder Forging Division of GKN Forgings, Worcester—Development of powder forging techniques.

Mond Division of Imperial Chemical Industries, Runcorn, Cheshire—Development of inorganic oxide fibres.

Pharmaceutical Division of Imperial Chemical Industries, Macclesfield, Cheshire—Development of Tamoxifen, an anti-estrogen drug which is used in the treatment of breast cancer.

Plant Protection Division of Imperial Chemical Industries, Eastleigh, Surrey—Development of an insecticide which is claimed to be both versatile and outstandingly safe.

Research and Development Department of the Pilkington Group, Lancashire—Development of alkali-resistant glass fibre for the reinforcement of concrete products.

Research and Development Unit of Quantel-Caterham, Surrey—Development in collaboration with an associate company, Micro Consultants, of digital techniques for use in television broadcasting.

Racal-Delmia Instruments Windsor—Development of synthesized signal generators.

Advanced Projects Department, Test Operations, of Rolls Royce, Bristol—Development in collaboration with the Non-destructive Testing Centre at Harwell, of techniques for using high energy radiography in the development of gas turbine engines.

Research Institute, Smith Kline and French Laboratories, Welwyn Garden City—Discovery and development of cimetidine (Tagamet), used in the treatment of peptic ulcers.

Development of Hop Research, Wye College, Kent—Development in collaboration with the East-Malling Research Station, of new varieties of hop plants.

## C.E.Heath double invisible earnings over 3 years to gain The Queen's Award for Export Achievement



Our award comes from channelling insurance and reinsurance premiums through the London market from clients all over the world. The results are good for the C. E. Heath Group. More important, they're good for Britain. And they're good for Lloyd's and the London Insurance Market. It's an achievement that makes us feel proud.

**C.E.Heath & Co. Limited**  
Solving the world's insurance problems is our business



International Insurance Brokers Reinsurance Brokers and Underwriting Agents  
Cuthbert Heath House, 151/154 Minories, London EC3N 1NR and at Lloyd's  
Telephone: 01-488 2488 Telex: 885280 888088

*Handwritten signature: J. P. Smith*

### Base rate

Australia and New Zealand Banking Group Limited announces that on and after **21st April 1978** its base rate will be **7½%** per annum

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED  
(Incorporated in the State of Victoria, Australia with limited liability)  
71 Cornhill, London EC3V 3PR Tel: 01-623 7111

### Rowntree Mackintosh

Limited

1978  
The Queen's Award for Export Achievement

### AMERICAN CO SOUTH AFRICA

NOTES

is directed to an annual dividend of 10% of the share capital of the company for the year ending 31st December 1977.

The value of the dividend is subject to the payment of the relevant tax and the payment of the dividend is subject to the payment of the relevant tax.

The dividend will be payable to the holders of the shares of the company on 15th March 1978 at the offices of the Transfer Secretaries, Messrs. J. H. & J. H. Ltd, 40, Abchurch Lane, London EC4N 3DF.



## French surplus of 1,192m francs in March reduces first quarter deficit to 598m

Paris, April 20.—France recorded a surplus of 1,192m francs (about £140m) trade surplus in March, compared with a surplus of 64m francs in February, a deficit of 1,854m francs in January, and a deficit of 1,372m francs in March 1977, according to seasonally-adjusted figures released today by the foreign trade ministry.

The March surplus reduced the trade deficit over the first quarter of this year to 598m francs, compared with a deficit of 5,462m francs over the same period last year.

On an unadjusted basis, the March figures revealed a surplus of 58m francs, compared with a surplus of 173m francs in February, a deficit of 2,635m in January and a deficit of 2,250m francs in March last year.

The unadjusted balance for the first quarter of 1978 showed a deficit of 2,414m francs, against a deficit of 6,821m francs in the like year-ago period.

Seasonally-adjusted exports jumped to 31,133m francs in March from 28,611m francs a month before, and 26,242m in March 1977. Imports rose to 29,941m francs from 28,547m in February and 27,614m a year before.

Unadjusted exports shot up to 33,324m francs from 28,817m in February and 29,186m in March last year, while imports stood at 33,226m francs in March 1977. Imports rose to 29,941m francs from 28,547m in February and 27,614m a year before.

Seasonally-adjusted coverage of imports by exports stood at 104 per cent in March, up from 100.2 per cent in February and 95 per cent a year before.

Unadjusted coverage declined to 100.3 per cent in March from 100.6 per cent in February but was above the year-ago level of 92.8 per cent.

Commenting on the figures, the trade ministry noted that the rise in exports in March (up by 9 per cent from February and by 18.6 per cent from a year before) had been particularly strong in the chemical, automobile and capital equipment sectors.

The 5 per cent increase in imports, involved almost all goods. The food and farm product sector showed a deficit of more than 200m francs, the ministry said, due to a rise of 430m francs in imports, and an abnormally low level of cereal exports.—AP-Dow Jones.

## Monthly fall of 3.5pc in Europe's unemployment

Brussels, April 20.—The unemployment in the European Community numbered 6,039,000 at the end of March, down 3.5 per cent from a month ago but up 8.9 per cent on the year.

The end-of-March unemployment figure, still preliminary, compared with 6,261,000 jobsless at the end of February and 5,542,000 at the end of March 1977. The office noted that the decline in unemployment during the first quarter of 1978 was 4.2 per cent which compared with a 6.2 per cent decline in the year-earlier period.

Seasonally adjusted, Eurostat said, unemployment actually rose during the first quarter.—AP-Dow Jones.

## Brescia steel rod makers will limit exports further to aid European competitors

Milan, April 20.—Steel rod makers from the Brescia area, among the most important in the European Community, have agreed to fixed monthly quotas on laminated steel exports to France, West Germany and the Benelux countries in a renewed effort to aid their European competitors, Italian industrial officials said here today.

The agreement, reached at a meeting in Milan, came after a similar voluntary export curbs for iron reinforcing rods a few weeks ago.

Under the agreement the so-called Bresciani would limit to 24,000 metric tons a month their exports of laminated steel to West Germany. Exports to France were set at 21,000 tons and those to the Benelux countries at 2,000.

These figures mean that exports will be cut about 15 per cent from current levels.

Britain did not immediately join the agreement because, Italian officials said, the quota sought by the British representative was too low.

However, negotiations with Britain will be resumed soon and are likely to find an agreement, an official of the Italian Association of Rod Makers (ISA) said today.

Signor Giorgio Vecchiatti, the ISA official, also disclosed that another meeting among European rod makers was to take place soon to discuss possible quotas on Italian exports of wire rod and bolsters.

He added export quotas agreed so far were not expected to be renegotiated. "We have accepted quotas, realizing the problems of the French and German makers, but we can not

lower the quotas any more as this would mean the closure and collapse of several Italian firms.

"We hope for a speedy recovery of the sector and return to free market conditions", Signor Vecchiatti said.

Last month Italian makers accepted limits on their iron rod exports, fixing quotas of 28,000 tons a month for West Germany, 20,000 tons for France and 2,000 tons for the Benelux countries. Britain had not demanded any quota on iron rod exports.

Italy's production of special steel products—iron rod, wire rod and laminated steel—amounted to 13 million tons last year, iron rods amounted to 4 million of the total. Italian export about 20 per cent of their output.—AP-Dow Jones.

M. Francois Ceyras, president of the French employers' association, who said yesterday that negotiations with labour unions, designed to meet some of their demands, may begin next month. M. Ceyras met reporters after a two-hour meeting with M. Raymond Barre, the Premier.



M. Francois Ceyras, president of the French employers' association, who said yesterday that negotiations with labour unions, designed to meet some of their demands, may begin next month. M. Ceyras met reporters after a two-hour meeting with M. Raymond Barre, the Premier.

# Group Gold Mining Companies

(All companies are incorporated in the Republic of South Africa)

## Orange Free State

### Reports of the directors for the quarter ended 31st March, 1978

#### Free State Geduld Mines Limited

ISSUED CAPITAL: 10 440 000 shares of 50 cents each  
PLANNED PRODUCTION FOR THE YEAR ENDING SEPTEMBER 30 1978  
Tonnage 3 200 000 (previously 3 500 000) Grade 12.7 grams per ton

Quarter ended	Quarter ended	6 months ended
Mar. 1978	Dec. 1977	Mar. 1978
<b>OPERATING RESULTS</b>		
Tons milled	830 000	834 000
Yield—g/t	12.48	12.25
Gold produced—kg	10 483	10 207
Revenue per ton milled	R50.15	R50.48
Cost per ton milled	R20.10	R20.59
Profit per ton milled	R30.05	R29.89
Revenue	R41 699 000	R41 699 000
Cost	R21 884 000	R21 884 000
Profit	R19 815 000	R19 815 000
<b>JOINT METALLURGICAL SCHEME (JMS) (See summary)</b>		
Tons delivered	778 000	597 000
Grade	0.30	0.30
Gold—g/t	0.30	0.30
Revenue—per cent	0.08	0.08
Estimated share of profit (loss)	(R289 000)	(R516 000)
<b>FINANCIAL RESULTS</b>		
Working profit—gold	R21 715 000	R21 715 000
Share of JMS net profit (loss)	(280 000)	(516 000)
Not sundry revenue	356 000	712 000
Profit before taxation and State's share of profit	21 385 000	21 911 000
Taxation and State's share of profit	10 584 000	21 358 000
Profit after tax and State's share—estimated	R10 801 000	R10 553 000
<b>Capital expenditure—metallurgical complex—partly financed by way of loans</b>		
Advance—metres	R305 000	R377 000
Channel—metres	R9 994 000	R13 102 000
Dividend—amount	—	R13 872 000
Loan interest—estimated	R964 000	R1 108 000

Advance metres	Channel metres	Gold g/t	Uranium g/t
Basal roof	1 619	138	13.5
No. 1	1 715	174	10.8
No. 2	1 135	30	78.9
Quarter ended March 1978	8 083	828	37.5
Quarter ended December 1977	8 543	1 054	34.6
6 months ended March 1978	16 626	1 882	35.9
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#### President Steyn Gold Mining Company Limited

AND ITS WHOLLY-OWNED SUBSIDIARY VINDO MINING COMPANY LIMITED

ISSUED CAPITAL: 14 588 000 shares of 50 cents each  
PLANNED PRODUCTION FOR THE YEAR ENDING SEPTEMBER 30 1978  
Tonnage 3 400 000 (previously 3 500 000) Grade 8.0 (previously 8.31) grams per ton

Quarter ended	Quarter ended	6 months ended
Mar. 1978	Dec. 1977	Mar. 1978
<b>OPERATING RESULTS</b>		
Tons milled	774 000	1 526 000
Yield—g/t	8.52	8.31
Gold produced—kg	6 583	11 981
Revenue per ton milled	R26.82	R26.82
Cost per ton milled	R10.28	R10.28
Profit per ton milled	R16.54	R16.54
Revenue	R20 542 000	R20 542 000
Cost	R10 280 000	R10 280 000
Profit	R10 262 000	R10 262 000
<b>JOINT METALLURGICAL SCHEME (JMS) (See summary)</b>		
Tons delivered	1 287 000	896 000
Grade	0.55	0.51
Gold—g/t	0.55	0.51
Revenue—per cent	0.09	0.08
Estimated share of profit (loss)	(R905 000)	(R1 164 000)
<b>FINANCIAL RESULTS</b>		
Working profit—gold	R7 958 000	R10 092 000
Share of JMS net profit (loss)	(905 000)	(1 164 000)
Not sundry revenue	805 000	264 000
Profit before taxation and State's share of profit	7 858 000	10 092 000
Taxation and State's share of profit	801 000	—
Profit after tax and State's share—estimated	R7 057 000	R10 092 000
<b>Capital expenditure—metallurgical complex—partly financed by way of loans</b>		
Advance—metres	R472 000	R563 000
Channel—metres	R4 853 000	R4 682 000
Dividend—amount	—	R4 370 000
Loan interest—estimated	R43 000	—

Advance metres	Channel metres	Gold g/t	Uranium g/t
Basal roof	1 619	138	13.5
No. 1	1 715	174	10.8
No. 2	1 135	30	78.9
Quarter ended March 1978	8 083	828	37.5
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6 months ended March 1978	16 626	1 882	35.9

#### President Brand Gold Mining Company Limited

ISSUED CAPITAL: 14 040 000 shares of 50 cents each  
PLANNED PRODUCTION FOR THE YEAR ENDING SEPTEMBER 30 1978  
Tonnage 3 100 000 Grade 0.8 grams per ton (includes 540 000 tons to be treated by Free State Saaipiaas on a cost plus service charge basis)

Thiokol 340 000 tons to be treated by Free State Sulphalaps on a cost plus service charge basis			
	Quarter ended Mar. 1978	Quarter ended Dec. 1977	6 months ended Mar. 1978
<b>OPERATING RESULTS</b>			
*Tons milled	766 000	761 000	1 547 000
Yield—%	8.82	9.07	9.00
Gold recovered—ozs.	7 184	6 905	14 089
Revenue per ton milled	\$46.713	\$46.28	\$46.527
Cost per ton milled	\$246.07	\$253.94	\$249.01
Profit per ton milled	\$199.36	\$211.66	\$217.51
Revenue	\$37 045 000	\$34 438 000	\$71 503 000
Cost	\$18 910 000	\$18 211 000	\$37 140 000
Profit	\$18 130 000	\$16 227 000	\$34 363 000
<b>JOINT METALLURGICAL SCHEME.</b> (JMS) (See summary)			
Silica delivered	—	635 000	1 371 000
Grade	73R 900	—	—
Cost	0.62	0.55	0.58
Revenue—ozs.	1.08	0.94	0.97
Sulphur per cent	1.00	0.99	0.99
Estimated share of profit including service charges	\$074 000	\$1 368 000	\$2 343 000
<b>FINANCIAL RESULTS</b>			
Working profit—gold	\$18 126 000	\$16 237 000	\$34 363 000
Share of JMS net profit—estimated	874 000	1 368 000	2 343 000
Net steady expenditure	—	485 000	573 000
Profit before taxation and State's share of profit	\$19 000	\$17 100	\$56 100
Share of State's share of profit —estimated	7 878 000	7 599 000	16 567 000
Profit after tax and State's share —estimated	\$11 122 000	\$9 501 000	\$39 533 000
Capital expenditure—metallurgical complex—party finance by bank of loans	\$13 550 000	\$2 261 000	\$15 811 000
—other	\$1 570 000	\$1 126 000	\$2 696 000
Dividend—interim	—	—	—
—amount	—	—	\$9 126 000
—per unit share of \$1	—	—	—
Loan levies—estimated	\$534 000	\$855 000	\$1 389 000



# De Beers in 1977

## Mr. H. F. Oppenheimer reports

The year 1977 was a record breaking one for De Beers in all respects. Sales by the Central Selling Organisation amounted to US\$2,073 million, an increase of 33% as compared with the previous year. The market was very strong throughout the year and by the end of 1977 the demand for all qualities of goods was at an unprecedented level in spite of the price increases and the sale to the cutting centres of more carats than ever before. This was due, firstly, to a strong and solid demand for diamond jewellery at the retail level but also to a measure of speculative trading which has in the first months of 1978 risen to a level which must be regarded as unhealthy and unsound. The effect of our substantial price increase last December could not yet have filtered through and been reflected in prices of diamond jewellery, and the premiums above CSO prices being paid for rough in the secondary markets are certainly quite unrelated to basic consumer demand and well above what in our judgement could be sustained in present circumstances. This speculation reflects an increasing use of diamonds not for jewellery but as a store of value and it is reinforced by fears about the instability of currencies, and a widespread belief among our customers that the very existence of such premiums must induce the CSO to make further substantial increases in its basic selling prices without proper regard to the state of demand by the ultimate consumers of diamonds.

Stocks in the cutting centres are in consequence unduly high and to a large extent they are being

financed by credit, some of it based on the premium prices ruling. The dangers of such a situation should there be any downturn in the market need no emphasis. It is the established policy of the CSO to maintain its selling prices at a level which it believes can be maintained on a long-term basis. We will not, therefore, make further increases in our basic selling prices unless and until we are satisfied that such increases are justified in relation to the retail demand for diamonds. On the other hand, in fairness to the producers for whom it acts, the CSO cannot allow such speculative dealing to go on without taking steps to enable the producers to benefit from the premiums that are being paid. Accordingly surcharges at rates judged appropriate at the time of sale will be charged by the CSO until such time as a reasonable relationship has been restored between the market price of rough diamonds and the prices of polished diamonds at the retail level.

Sales of industrial diamonds were also at a record level in 1977, both in respect of natural and synthetic goods. Our research organisation continues to develop new specialised products with great success and the outlook for the current year remains favourable.

The Group's net attributable profits at R623 million were more than double the 1976 figure of R308 million which was a record at the time. Dividends on the deferred shares were increased by 30% from 35 cents to 52.5 cents per share. Allowing for minority interests, the net investments, loan levy and net current assets at 31st December attributable

to De Beers amounted to R1,262 million, or 351 cents per deferred share compared with 278 cents the previous year.

Total diamond production by the Group rose to 11.8 million carats as compared with 10.5 million carats in 1976, an increase of 12%.

Far-reaching capital programmes are in progress and others have been initiated to bring about a substantial increase in productive capacity. Most important of all, potentially, is the new mine discovered by De Beers at Jwaneng in Botswana. It will take about four years to bring the mine to production.

After completion of a comprehensive job of evaluation an integrated wage scale has been introduced for employees of all ranks on the Group's mines in South Africa and Namibia. All local black employees, numbering more than 1,700 on the Kimberley Division were admitted during the year to membership of the De Beers Pension Fund and the Company made a lump sum payment of R3.5 million to the fund.

Progress continues to be made towards the elimination of the migrant labour system in the Kimberley Division; the proportion of black workers who live locally with their families is now about 60% and is continuing to rise. Agreement has been reached with the authorities for the establishment of financially assisted home ownership schemes for black employees in Kimberley and Koffiefontein and at CDM the first Ovambo married employees to be housed with their families arrived at Oranjemund in June. Selection and training facilities have been expanded and improved throughout the Group. All this goes a very long way towards eliminating all forms of racial discrimination within our control, and our intention is to remove such anomalies as still exist in the course of the year.

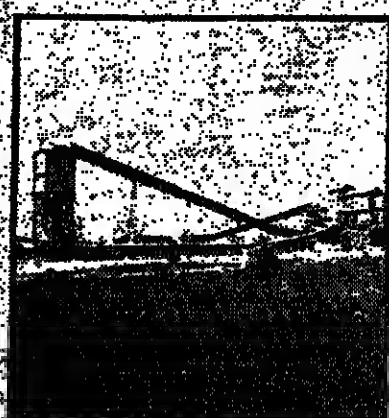
Certain changes have been made in relation to CDM which last year contributed 22% of De Beers net profit. We have moved the head office of the CDM company to Windhoek and have appropriated in the CDM accounts an amount of R25 million for the purpose, if it is proved economically possible, of diversifying our activities in Namibia outside the diamond industry.

### Output increases as new sources are found and developed



#### Exploration

Following successful discoveries of new diamond deposits in Botswana the worldwide search continues.



#### Development

Development of new mines and expansion programmes will substantially increase group diamond production within the next two years.



#### Opening

Prime Minister, Chief Lesiba Jonathan, who opened the Letseng Mine in Lesotho, November 1977, with Mr. Harry Oppenheimer.

## De Beers Consolidated Mines Limited

(Incorporated in the Republic of South Africa)

For the full Report & Accounts for 1977 including the Chairman's Statement, please send this coupon to:

The London Secretaries, Room 7,  
De Beers Consolidated Mines Ltd,  
40 Holborn Viaduct, London EC1P 1AJ.

Name \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

Jeff Smith

P K



## James Dard Mills end £83m expansion

John Huxley  
James Board M.B. yesterday  
announced details of an £83m  
plan to triple the capacity  
of the Warrington Dard Mills  
the installation of a second  
mill and board machine.  
The work, which is due for  
completion in late 1980, is being  
financed by TBM's parent, Uni-  
form, but will attract govern-  
ment assistance. Last session  
Parliament approved an £18m  
aid package for the expansion  
and a selective industry grant.  
Company officials said yes-  
terday the expansion will  
create about 250 jobs at the  
mill and a further 350 in the  
new and expanded industries  
based in the northern Eng-  
land plant is the largest inte-  
grated pulp and board mill in  
the United Kingdom.  
The Warrington Dard Mills  
for Woodrow Construction  
the civil engineering  
work and will begin site  
this month. Belmont Walm-  
of Bury, will build the  
board machine, and Babcock  
& Moran, of Glasgow,  
act as civil consultants.

## Textile makers setting out to win bigger share of world markets

By Peter Hill  
Industrial Correspondent  
Britain's textile and clothing  
industry is to increase its  
efforts to boost exports over the  
next 12 months as part of a  
five-point programme.

Dr Brian Smith, president of  
the British Textile Confedera-  
tion, said yesterday that the  
organization also planned to  
ensure through talks with the  
Government and the European  
Commission that the Tokyo  
Round of international trade  
negotiations provided Britain  
with growing opportunities in  
export markets.

In the BTEC's annual report  
he said: "We are seeking to  
increase our export opportuni-  
ties from the 1980s onwards, as  
the tariff cuts gradually take  
effect, both in major developed  
countries, such as the United  
States, with higher tariff bar-  
riers than our own, and in the  
more advanced developing  
countries such as South Korea  
and Brazil, which, while guaran-  
teed largely duty free access to  
the EEC market, themselves  
shelter behind tariffs which are  
cripplingly high."

Dr Smith stressed that the  
BTEC—an umbrella organization  
which brings together both



Dr Smith: a careful watch on  
agreements.

employer group, and trade  
unions—would also attempt to  
maintain the EEC's determina-  
tion to make full use of its new  
bilateral agreements and to sup-  
plement them where necessary.  
The BTEC, he explained, would  
keep a careful watch on the  
EEC's external trading arrange-  
ments with particular reference  
to the negotiations for the

enlargement of the Community  
and those for renewal of the  
Lomé Convention and with the  
African, Caribbean, and Pacific  
countries.

Over the next 12 months, he  
explained, the confederation  
would also work for agreement  
within the Community textile  
industry and with the Commis-  
sion on a strategic framework  
for the industry's future.

"In spite of its vicissitudes,  
the British textile industry  
remains among the strongest,  
most technically efficient and  
most innovative in the world. It  
has been slimmed down substan-  
tially by the force of events,  
and its firms and its workforce  
have proved they can cope suc-  
cessfully with competition on  
even terms from any source."

Commenting on the Commu-  
nity bilateral agreements with  
developing nations under the  
new Multi-Fibre Arrangements  
for trade in textiles, the BTEC  
president said that it remained  
to be seen whether these agree-  
ments proved to be the turning  
point for the textile and cloth-  
ing industries as had been  
claimed.

The agreements, however,  
would introduce a larger degree  
of fairness.

## ries seek clarification of SC borrowing plans

Industrial  
opposition

Government plans to raise  
borrowing limits of the  
Steel Corporation face  
creative opposition when  
legislation is introduced  
yesterday unless there is clarifi-  
cation on three central issues.

Opposition yesterday  
said that it would not sup-  
port the legislation, which is  
expected to be introduced into  
Parliament shortly, unless  
understanding were given  
that the BSC was expected to  
be profitable. Mr  
Lamont, MP (Cons,  
Southampton), and an  
opposition spokesman on indus-  
trial affairs, said yesterday:  
"We shall want firm indica-  
tion of what the Government  
sees to do, if these under-  
standings are not kept."

He also said that the Con-  
servatives wanted detailed in-  
formation made available of  
the corporation's investment  
plans and the reasons for them.  
It would also want to see the  
cash limit split into capital and  
current account on the lines  
recommended in the report of  
the Select Committee on  
Nationalized Industries.

The corporation, he con-  
tinued, could not be allowed  
needlessly to splinter its invest-  
ment funds to pay off its losses.

Foreign entrepreneurs had  
expressed interest in buying  
some of the plants scheduled  
for closure. "It would be in-  
tolerable for steelworkers to  
lose their jobs simply because  
the Government had ideological  
objections to the companies  
prepared to save them," he  
added.

## Business appointments

### Mr C Needham deputy chairman of Coalite

Mr Charles Needham has been  
appointed deputy chairman of  
Coalite and Chemical Products and  
continues as group managing director  
and chief executive.

Mr D. Van B. Ord becomes  
chairman of Abercrombie Investments  
in succession to Mr D. A. Lurie,  
who is resigning. Mr P. J. T.  
Herbert has been appointed deputy  
chairman and managing director.

Mr Leslie Wolf and Sir Trevor  
Lloyd-Hughes become non-execu-  
tive directors of Liverpool Daily  
Post and Echo.

The following have been ap-  
pointed directors of the non-  
marine division of Lowndes Lam-  
bert Group: Mr A. Collison, Mr  
A. L. Deane, Mr R. M. Fisher,  
Mr C. G. Mitchell, Mr D. E. R.  
Moore, Mr F. C. Norton, Mr  
T. C. V. Packman and Mr J. R.  
Rothwell.

Mr Richard Copeman has been  
appointed a director of Eastern  
Counties Newspapers.

Dr A. W. Taylor, chairman,  
Tees & Hartlepool Port Authority,  
has been appointed chairman of  
the British Ports Association.  
Chairman of the National Associa-  
tion of Port Employers is Mr J. P.  
Davidson (deputy chairman and  
managing director, Clyde Port  
Authority).

Mr J. Sorbie, of the Export  
Credits Guarantee Department, has  
been appointed chief executive of  
the Export Credit Insurance  
Corporation. He succeeds Mr R.  
Marlin.

Mr Camille A. Dagenais joins  
the board of Royal Bank of  
Canada.

Mr A. P. Propper, managing  
director of Facol and a director  
of the Cill & Duffus Group, be-  
comes chairman and chief execu-  
tive of Facol. Mr F. W. Cromwell  
gives up the chairmanship of  
Facol but remains a director until  
June 30, when he will retire.

## Urges better deal for junior and middle managers

Colin Brown

Confederation of British  
Industry would lobby any in-  
dustry party in its fight to  
win a better deal for junior and  
middle management, Mr John  
Borough, president of the  
CBI in London yesterday.  
Pete Healey, the Chancel-  
lor's lost an unprecedented  
unity to help out this  
group in the Budget,  
Borough, who was

speaking at a luncheon of the  
American Chamber of Com-  
merce, said.

The CBI, after consulting its  
grand council earlier this week,  
was looking for a change in the  
profile of the tax structure. It  
wanted an additional reduction  
of £900m in tax, £700m of which  
would come from a 2p cut in  
the standard rate of income tax,  
the remaining £200m from re-  
ductions in the higher rates.

Commenting on the contribu-  
tion which North Sea oil would  
make to Britain's self-sufficiency  
in energy, Mr Greenborough  
gave a warning against seeing it  
as a panacea for all our econo-  
mic ills.

The problems which had to  
be attacked were: to kill infla-  
tion, get the Government off  
industry's back, cut taxation and  
reduce public expenditure.  
Earlier he had reaffirmed

that the CBI wanted to see a  
significant part of the North  
Sea revenues being used to ease  
the tax burden.

The confederation is prepar-  
ing what is expected to be a  
toughly worded letter to the  
Chancellor warning him that  
industry must have more tax  
concessions for those in the  
middle ranks if morale is not to  
ebb away completely.

# BLUE CIRCLE GROUP

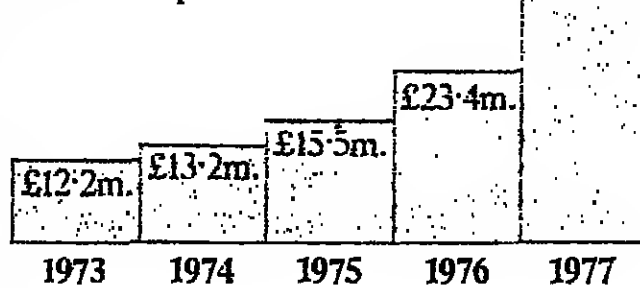


THE QUEEN'S AWARD FOR  
EXPORT ACHIEVEMENT

The award has been granted for our success in  
three areas:

The export of cement, clinker and other  
products to 105 countries valued at £47.4m  
in 1977.

Value of Exports



Overseas earnings which provided over half  
the pre-tax profits.

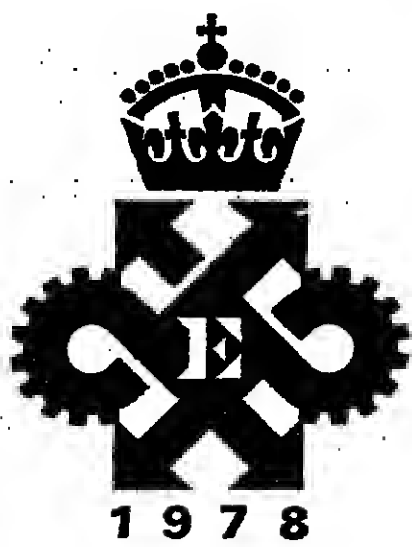
The supervision of cement works construction  
contracts overseas, currently valued at over  
£300m, and the export of technical and  
management services including the  
procurement of plant and machinery.

Blue Circle's export achievement has been  
made possible by the consistent effort of all  
its employees in the United Kingdom and  
overseas.

## The Associated Portland Cement Manufacturers Limited

Portland House, Stag Place, London SW1E 5BJ

# Pullman Kellogg



We are pleased to announce that The Queen's Award for Export  
Achievement for 1978 has been conferred upon the Pullman Kellogg  
Division of Pullman Incorporated in the United Kingdom.

The Award has been given in recognition of our achievement in  
increasing our exports more than seven fold in three years.

We thank our clients in the petroleum and petrochemical industry  
for their confidence in our engineering skills and appreciate and  
acknowledge the efforts of all our staff in securing this honour.





# Coal board makes small profit

By Roger Vielvoye  
Britain's state-owned coal-mining industry made a small profit in the financial year which ended on March 31. But the miners' incentive scheme, which has boosted productivity in the pits, came too late to have any significant effect on the National Coal Board's results.

Output in March was up by 9.5 per cent compared with March, 1977.

Sir Derek Ezra, chairman of the NCB, told a press conference yesterday that the operating surplus covered interest payments of £90m and left a small net profit. In the previous year the board's interest payments were only £80m and the net profit was £27m.

The industry was facing another difficult year, he said. Its objective would be to pay its way and maintain the momentum for future plans to provide 170 million tons of productive capacity by the end of the century.

In the current year the NCB hoped to avoid another price increase. Sir Derek

said last year's financial results had been helped by the deferment of £7m interest charges on projects which would not yield any revenue until some time in the future.

Deferring interest payments had been agreed with the auditors and was normal commercial practice for large capital projects.

Mr Norman Siddall, deputy chairman of the NCB, said 90 per cent of miners were now included in the incentive scheme. During March, the scheme brought face workers an extra £21 a week on average while other workers were averaging an additional £10.

Productivity from deep mines had risen from an annual rate of 101 million tons in November, and in March the pits were producing at an annual rate of 109 million tons. Overall output for the year was 104.4 million tons—a 2 per cent drop on the previous year. Open-pit output rose by 18.6 per cent to 13.3 million tons.

Overall deep-mined productivity for the

year was slightly lower despite the big improvement in the last quarter, when there was a rise of 1.5 per cent compared with a drop of 2 per cent in the first nine months.

Output at the coalface had been most affected by the incentive scheme. In the final quarter there had been a 7 per cent rise on the same period of 1977.

Increased productivity and output would require larger markets for coal if the extra production was not to end up on larger stockpiles, Sir Derek said. The industry hoped to sell an extra 5 million tons of coal this year.

Most of these additional sales would be to the electricity industry, but all other customers, with the exception of the British Steel Corporation, were expected to make a contribution.

NCB was sympathetic to the BSC's difficulties. In talks between the two state organizations, BSC said it hoped to take not less than the 9½ million tons it bought from the NCB last year.

## 'Watchdog' warning to societies

Building societies which are not operating at the highest level of efficiency with an organizational structure "which will guarantee that what happened at Grays cannot happen again" should seek out, without delay, the most appropriate merger for their society.

This was the message yesterday from Mr Keith Brading, the Registrar of Friendly Societies, when he spoke to the Metropolitan Association of Building Societies about the events at the Grays Building Society where, after the death of the chairman before Easter, a deficiency of some £7m was disclosed.

Mr Brading, the building society movement's "watchdog", emphasized the responsibility of directors to satisfy both members and potential investors covered.

## CONSUMER SPENDING

The following are the first estimated figures for consumer expenditure seasonally adjusted at constant 1970 prices, released by the Central Statistical Office yesterday:

	£m	Percentage change between years and annual rate of change over previous quarter at annual rate
1975	35,257	-1.0
1976	35,405	0.4
1977	35,062	-1.0
1976 Q1	8,829	8.6
Q2	8,787	-1.5
Q3	8,860	3.8
Q4	8,899	0.9
1977 Q1	8,758	-6.2
Q2	8,644	-5.1
Q3	8,831	8.9
Q4	8,900	3.2
1978 Q1	9,015	5.3

r revised  
p provisional

## Strike at Rover plant spreads to technicians

By R. W. Shakespeare

Technicians at British Leyland's Solihull plant in the Midlands have joined 400 foremen supervisors on strike over new working arrangements aimed at boosting production of Rover cars.

The foremen and supervisors walked out earlier this week and said they would refuse to provide cover for a system under which production workers would take staggered breaks in order to provide continuity.

The arrangements are aimed at raising output of Rover saloon cars to 1,800 a week.

Technicians who joined the stoppage yesterday are members of the same union, the Association of Scientific, Technical and Managerial Staffs. The foremen and supervisors

have called on all members of the union throughout the Rover operation to support the strike.

Since the stoppage began production of Rover cars, Land Rovers and Range Rovers has been virtually stopped. However, some output was resumed yesterday at Solihull as the rest of the labour force responded to a management appeal that they report for work normally.

Leyland has said that the new working arrangements have been fully negotiated with the unions.

Sanctions end: Foremen at Leyland's car assembly plant at Cowley voted yesterday to end sanctions, including an overtime ban, imposed two weeks ago after hearing a report on two meetings earlier this week on a foremen's pay claim.

## EEC chief reminds Japan of need to import more

Brussels, April 20.—Mr Toshio Doko, president of the Japanese confederation of industry, was reminded of the need for easing Japan's import market for manufactured products when he called on Mr Roy Jenkins, President of the EEC Commission, today.

A spokesman for Mr Jenkins reported that Mr Doko acknowledged such a need, replying that an improvement in the economic situation in Japan would be precondition for opening the Japanese market for more import goods.

Mr Jenkins's statement was in line with the Commission's policy to reduce its trade de-

ficit with Japan. The deficit was about \$5,100m (about £2,755m) in 1977.

Mr Jenkins also pointed to the importance of progress in the multilateral Trade Negotiations in the Tokyo Round, on reducing tariffs and non-tariff barriers to international trade.

Japanese tariff cuts offered under the talks in Geneva had been termed insufficient by the EEC.

The current share, at 20 per cent, is seen as too low and the EEC wants this to go up to near 30 per cent.

EEC officials frequently point out that imports of manufactured products account for nearly 40 per cent of the EEC market.—AP-Dow Jones.

## Research into criticism of job laws

By Paul Routledge  
Labour Editor

The Government has commissioned an independent research programme in an effort to disprove business and political criticism of the impact on jobs of industrial relations legislation put on the statute book since Labour took office.

This move was disclosed to Scottish trade unionists by Mr Albert Booth, Secretary of State for Employment, after he had appealed for support from the TUC for an "agreed approach to inflation." He attacked the idea that unemployment would fall "if we were not burdened with so much employment legislation."

"If we were to believe a fraction of the industrial atrocity stories that are laid at the door of the Employment Protection Act and the Trade Union and Labour Relations Act they would go down in history as the greatest forces of social oppression since the Corn Laws."

Much of the campaign against the employment legislation, he argued, was being whipped up for political reasons—"though with what political end in mind is not so clear, unless a slump is seen as an opportunity to opportunity to reduce protection of workers' standards and trade rights."

But there was "no way" that the vast mass of working people would be denied their rights at work, whether they were employed by the score or the thousand. "It is high time that bodies like the Federation of Self Employed—which seems mainly to represent smaller employers—came to terms with that fact of life."

## In brief

## Budget's fiscal stance attacked

The Government's fiscal stance, as outlined in the Budget, is inappropriate at this stage of the business cycle, according to stockbrokers W. Greenwell.

In their latest monetary bulletin, the brokers argue that a time when there are signs of the business cycle turning upwards, the Government's fiscal stance should start to become less expansionary.

Instead, says Greenwell, the Government's fiscal stance is expansionary in a way not dissimilar to 1972/73.

The brokers do not expect the same dire consequences to occur as then, largely because of the developments since in monetary policy.

But they suggest that the new target ranges for monetary growth are too high.

## UK paper industry attacks bureaucracy

British paper merchants are to attempt to join forces with related trade associations in an attempt to combat "relentless bureaucratic processes" which are threatening the industry.

Mr Michael King-Smith, president of the National Association of Paper Merchants, said that with such collaboration, a voice of significance would be produced "that any government must pay attention to its representations."

Earlier, at the association's annual meeting, Mr King-Smith urged members to give more support to the British paper manufacturing industry. The very survival of the manufacturers depended on the strength of the home market and without a strong industry their position as distributors is seriously eroded.

## Building orders rise

Orders in February worth £532m, according to provisional figures published yesterday by the Department of the Environment. At constant, seasonally adjusted prices, orders for the three months to February were 6 per cent up on the previous three months.

## £11m mining orders

Rushton Bucyrus, the Liecoln crane and excavator manufacturing company, has won orders worth almost £11m for mining equipment. The National Coal Board has ordered four large walking draglines costing £8m, for use in opencast mining, and Algeria has ordered seven mining shovels costing £2.6m.

## LETTERS TO THE EDITOR

## Case for establishing an Energy Council

From Mr Norman Jenkins

Sir, Letters in your issue for April 17 show how impossible it is to deal with any one aspect of energy without involving almost all the other variables. Mr Wansborough in business letters related the devolution of control in electricity generation to district heating produced as a by-product. In the conversion of fuels into energy two units of electricity heat is therefore twice as important; it is electricity which is properly considered the by-product.

In the balls of administrative power thinking has gone so far on these lines for consideration now to be given to so-called heat boards, competing with area gas and electricity authorities. Nothing could be more disastrous when what is to be paid for heat is determined by one overall energy authority to be responsible for determining priorities, deciding when and where district heating is feasible and economic, which fuel is to be used and, most essential, the price to be paid for heat. The heat user—not only in financial terms but in cost of depletion of reserves.

Devolution down to local municipalities, each responsible for its local energy centres producing heat and electricity

on a one-town-one-chimney basis is essential. With acceptance of the Poyden acceptance of the proposals we lose the Electricity Council, hitherto making all our basic energy policy decisions on the mistaken assumption electricity was of primary importance. We now have the opportunity to establish an executive Energy Council in its place.

The letter elsewhere in the same issue from Lord Kingsdale, pointing to an increasingly severe weather cycle, brings in the question of carbon dioxide from power stations creating a greenhouse effect which must raise terrestrial temperatures on this evidence desirable, not reprehensible. The proliferation of district heating from combined heat and power stations implies coal burning and increased carbon dioxide. The decision on such proliferation is a purely technical one, not for a single energy industry, not even for an almost wholly non-technical government. What better body than an impartial Energy Council?

Yours faithfully,  
NORMAN JENKINS,  
Whitehall,  
Ewshot,  
Farnham,  
Surrey GU10 5BS.  
April 18.

## HP stimulus for sales of British goods

From Mr Patrick O'Loughlin

Sir, Mr Callaghan, who recently had shown no sign for import controls because his "house" was at a "economy," so heavily dependent on exports, could be seen to have stated that it was going to help the balance payments by having better British goods. British goods, because any money generated by Budget will be no more if that money is used to keep goods.

Be candid of course, quite sure that most of the extra money spent on British goods by the right hire purchase people on consumer durables and specially on British motor cars. Relaxation of the hire purchase controls on British goods would obviously be a boon, but surely things will have to be along these lines under prepared to introduce quotas. I do suggest that ing British goods under a hire purchase system will help the balance of payments and the domestic situation, while pricing is that such were not announced in Budget proposals. But it is too late to introduce such a measure.

Yours faithfully,  
PATRICK O'LOUGHLIN,  
15B Hereford Drive,  
Taunton,  
Somerset.  
April 18, 1978.

## Risks house buyers take by doing their own conveyancing work

From Mr Gerald Sanctuary

Sir, In The Times of April 8, you published an article describing how Mr & Mrs Walker did their own conveyancing work. There is nothing to prevent people from doing this, but they should realize the risks that they are taking. They are buying what is almost certainly the most valuable property they will ever own, and need to be absolutely certain that it will belong to them, without interference.

How can people who do this be sure they have made no mistake? In some cases, of course, no difficulties arise on a title. In others, a problem may exist which the unequalled conveyancer may not spot at all, or fail to appreciate until after he has signed a legally binding contract. Your article says that "all the solicitor does is to send out prepared questionnaires to the seller and to the local council" when making searches, but this is simply not so. He has a responsibility to check on the

matters raised in these searches, certainly, and to advise his client on the legal implications of what he finds, but he does far more than this.

A solicitor gives independent advice to his client on all aspects of his sale or purchase, including the legal title. He takes responsibility for this advice, and can be sued if he makes a mistake. He puts his client's interests before his own. He has a wealth of experience in dealing with property transfers, mortgages, taxation, and a chain of conveyancing transactions. When problems arise on any aspect of the transaction, he can explain them to his client, and give advice.

It is certainly cheaper to do your own conveyancing—provided you get it right. It is safer to obtain professional advice and help.

Yours truly,  
GERALD SANCTUARY,  
The Law Society,  
113 Chancery Lane,  
London WC2A 1PL.  
April 11.

## Oil reserves

From Mr Guy H. Rapson

Sir, I agree with Lord Williams (April 12) and Mr. Williams (April 18), but would like to qualify their assumption that the way to pay for increasing reserves of some countries is necessarily by increasing oil reserves. Oil is a strong candidate for storage as a reserve, essential to our economy, readily available, at present there will be a shortage in the predictable future. Storage space is a first of storage, under North Sea.

Any consideration of valuable proposals made by your two correspondents should therefore examine as another application of the principle that some of our North Sea reserves should deliberately be left unexploited.

Yours faithfully,  
GUY H. RAPSON,  
17 Garden Royal,  
London SW11 5BB.  
April 18, 1978.

# The East Asiatic Company Limited, Copenhagen

## Annual Report

# 1977

The past year saw no appreciable improvement in world trade, and Western Europe in particular has to contend with widespread economic stagnation and the accompanying unpleasant effects, of which large scale unemployment presents one of the most serious problems.

Regrettably it must be foreseen that these adverse conditions will persist for some considerable time necessitating long-term corrective measures, and it is to be hoped that business and industry in Western Europe may be accorded working conditions which will enable them to cope with this demanding task.

To the difficult world trade conditions facing international business must be added the upsetting and often unpredictable fluctuations in foreign exchange rates.

The Company's accounts for 1977 have inevitably been affected by these unfavourable conditions, but thanks to our global operations, and notably the Group's overseas activities, a reasonable overall result has been achieved.

The Group turnover increased from kr. 20,000 million in 1976 to kr. 23,103 million in 1977. Due to keen international competition and narrow profit margins this progress, however, was not reflected in earnings, although the rise in turnover was achieved with a more or less unchanged number of employees.

The Group accounts show a net profit before taxation of kr. 337.6 million against kr. 484.1 million in 1976. Corporation taxes amount to kr. 173.8 million against kr. 214.8 million in 1976.

The Parent Company's result for 1977 was a net profit of kr. 107 million, against kr. 109.8 million in 1976, after allocation of kr. 50 million to the Special Contingency Fund, and after an extraordinary capital contribution of kr. 13.2 million to the Danish Pension Insurance Corporation in connection with a change made in the pension scheme for Company employees. The result is arrived at after providing kr. 105.4 million for depreciation of ships, buildings etc. and kr. 52.4 million for corporation taxes.

With the addition of kr. 41.9 million brought forward from last year, the amount at disposal is kr. 148.9 million. The allocation of this amount, proposed in the Profit and Loss Statement, includes a dividend of 12 per cent of the share capital of kr. 500 million, equal to a total amount of kr. 60 million.

To provide capital for the continued growth of our Company the Board of Directors will recommend to the shareholders at the forthcoming Annual General Meeting that the present share capital of the Company of kr. 500 million be increased by kr. 265 million to kr. 765 million. Shareholders will be entitled to subscribe kr. 125 million new shares in the ratio of 1:4 at a price of 105 per cent. Furthermore, bonus shares—also to the extent of kr. 125 million—will be issued to shareholders in the ratio of 1:4. Finally, the Board will recommend that employees of the Company be afforded the opportunity to subscribe new shares to the amount of kr. 15 million at a price of 105 per cent. All the new shares will qualify for full dividend for the year 1978 on a par with old shares. The new subscription is intended to take place from 20th April to 11th May 1978.

Likewise, The East Asiatic Company's Holding Co. Ltd. proposes to increase its share capital from kr. 140 million to kr. 210 million through subscription of kr. 35 million shares at 105 per cent and through the issue of bonus shares to the amount of kr. 35 million. It is intended that the new subscription for that company takes place in the course of the month of June 1978.

## GROUP PROFIT AND LOSS ACCOUNT FOR 1977

	1977 (1,000 kr.)	1976 (1,000 kr.)
<b>Turnover</b>	<b>23,119,687</b>	<b>20,049,629</b>
External turnover	18,549,002	15,198,210
Internal turnover	4,570,685	4,851,419
	<b>23,119,687</b>	<b>20,049,629</b>
<b>Result of Activities</b>		
Turnover and result of activities derived from:	External turnover	
Shipping	1,676,146	220,705
Trade	9,990,524	398,495
Industry	6,177,778	602,622
Forest and plantation industry	658,854	120,820
Miscellaneous income	45,700	37,228
	<b>18,549,002</b>	<b>1,379,870</b>
<b>Dividend on investments outside the Group</b>	<b>21,570</b>	<b>17,487</b>
<b>Administration expenses</b>	<b>1,401,440</b>	<b>1,395,234</b>
<b>Profit before Depreciation</b>	<b>990,866</b>	<b>978,104</b>
<b>Depreciation on fixed assets</b>	<b>300,519</b>	<b>288,025</b>
<b>Profit before Financing Expenses</b>	<b>690,347</b>	<b>711,079</b>
<b>Financing expenses</b>	<b>307,369</b>	<b>280,579</b>
	<b>382,978</b>	<b>430,500</b>
<b>Extraordinary expenses and income</b>	<b>45,358</b>	<b>38,627</b>
<b>Profit before Taxation</b>	<b>337,620</b>	<b>484,127</b>
<b>Corporation tax</b>	<b>173,800</b>	<b>214,761</b>
<b>Group Result for the Year</b>	<b>163,820</b>	<b>269,366</b>
<b>Minority shareholders' share in the results of subsidiary companies</b>	<b>63,422</b>	<b>109,118</b>
<b>The East Asiatic Company, Limited's share in the Group Result</b>	<b>100,398</b>	<b>160,248</b>

Head Office: 2, Holbergsgade, DK-1099 Copenhagen K., Denmark



BY THE FINANCIAL EDITOR

## Dunlop's tyre problems

It tries to alter its profile. Dunlop escape from the fact that types of tyre dominate its fortunes. More divisions has produced a good, able ramp to the business but it is enough to offset the vagaries of the tyre market.

Major acquisition along the lines of Dunlop would do the trick but Dunlop's major problem, and management, is after the Pirelli venture all suggest Dunlop has had a wretched second year. Operating profit were down 11m in the first half to £34m, leaving a year £2m lower at £75m. Tyres have the main problem with competition in the market cutting operating profits while the continued woes of the tyre industry has meant a £15m loss to losses of £16m at the attributable in 1977 and a loss in Germany of £10m. Despite improvements elsewhere, their contribution to operating profit dropped from 51 to 33 per cent.

Previous years, strong performance in the Pirelli associates have been in sterling terms while the contribution was further depressed £12m to £12m by a £2m loss from its stake in International Synthetic Rubber.

Consolidating Rhodesia and in adopting new accounting practice Dunlop last year's extraordinary out of the profit and loss account of the former offsets a similar gain in 1977.

By the rights money gearing has been constant at an overall 37 per cent increase in working capital this year with the £75m capital spending programme cannot be financed from cash flow. Growings look set to rise another 10m. Prospects for 1978 hinge both on change rate, which knocked some £2m of earnings of £20m, and the demand, which despite the upturn in the first half, but assuming some half revival pre-tax profits should be £17m to £18m for a p/e ratio of 1.4 at 75p with the 10 per cent yield of support.

### inevitable

With the decision of the Committee to prevent outside interests from control of Lloyd's brokers, the Frank B. Hall, duly dropped the striking over Leslie & Godwin and the ring talking about further action "might...be appropriate...". It is to see what that could be, since the use is exercising the powers it will under the Insurance-Brokers (Registration) which enable it to decide who become registered brokers at the same time it is easy to understand appointment of Hall and the others, Marsh & McLennan, who had to take over Wigham Poland. Over-insurance brokers, but particularly any who can see the extent to which depends on dollar income, are attracted by the idea of being linked to the Lloyd's market and a commission splitting with Lloyd's. They presumably, felt that Lloyd's, rightly proclaims its internationalism, find it difficult to turn down the mergers simply because it might be future American business. They clearly did not recognize the dilemma in which the fee found itself on Wednesday, nor that the outcome was inevitable. It allowed overseas control of firms before indeed Wigham's part of Sir James Goldsmith's controlled Anglo Continental—but not a great extent and often due to a split situation facing Lloyd's on Wednesday was very different. Major American were either making public take-

over proposals or talking privately with leading British firms. There may be 273 Lloyd's brokers, but there are a handful of giants who account for a major part of the market. Since many Lloyd's underwriting syndicates are controlled on an arm's-length basis by Lloyd's brokers, the implication of foreigners who might not be so sensitive to Lloyd's traditions moving in on such a scale were obvious enough.

On this occasion Lloyd's had to be protective or risk opening up the floodgates to the possibility of eventual foreign dominance of the whole market. Whether it lives to regret that decision in terms of effect it might have on international business remains to be seen, but it seems unlikely since no one has ever accused Lloyd's of being uncompetitive.

### Gilts

#### Waiting for a new 'tap'

The strong performance of the dollar after news of the proposed United States gold sales and the Fed's move to push interest rates another notch higher provided most of the excitement in markets yesterday. Whether it was all quite such good news for the United Kingdom authorities is another matter. Short gilts finished up to half a point lower and the platform for launching a new short "tap" immediately looked slightly less stable.

Even so, market betting last night seemed to be that unless foreign exchange markets looked decidedly unsettled this morning, the authorities would wheel out one, if not two, new stocks in mid-afternoon.

Given the uncertainty at the short-end of the market, it might just be that a long would be the more appropriate stock to try initially—supplies of the old long "tap" having finally been exhausted yesterday morning as jobbers moved to cover heavy sales made on Wednesday.

The question-mark over the long-end of the market, however, is the precise state of institutional liquidity. Although institutional funds should have been building up nicely in the back end of March and early April—both cash flow and some stock sales—it is unclear just how much they have spent over the past few days. It may well be that, in addition to purchases of the rump of the long "tap", they have also taken aboard a fair amount of stock thrown out by the fleeing overseas investor.

### Turner & Newall

#### Correcting the gearing balance

Rumours of a rights issue at Turner & Newall were rife earlier in the year and the 1977 balance sheet, published last month, which showed debt up from 11 per cent to 43 per cent of shareholders' funds strengthened the analytical basis for such thoughts. But the announcement of a one-for-four issue to raise £32m still pushed the shares down 13p to 173p yesterday.

The group hopes that the second half will repair the damage of a clearly disappointing first six months, but the timing of the issue suggests that there is not overmuch confidence that this will happen. T&N has been on a spending spree, which has been justified so far with improving results, but for which shareholders, putting up for their second rights issue in just over two years, are having to pay quite heavily. Return on capital employed was just under 20 per cent in 1977, but a further £33m is going on expansion this year which, without the rights, would have put gearing well over 50 per cent. The rights should leave shareholders' funds at the year end, but dilution looks certain, and the promised 14 per cent dividend increase this year, which leaves the ex-rights yield at 10.3 per cent, is unlikely to be covered by current cost earnings.

It should all pay off when world activity improves, but in the meantime the company's desire to diversify out of asbestos is looking expensive and the shares could remain a weak market for some time.

## Business Diary: Driven to despair • Hot tips

...in Italy are bringing fortunes to two companies. Rolls-Royce is falling off, but the loss of Rover is being offered in a Motor Show yesterday. Clifford Webb, was an industrialist and a more and more reliable seen with the trap.

As a result, the Rolls-Royce owners are them in their garages and to less ostentatious. Over 3500, with its move in "hatchback" line, is a luxury method without attracting too much attention. And, like the car, it can be supplied, motor, plating, buffer, as a radio transmitter, police frequencies and police devices given to the father of a girl. "I wish I had in that so-and-so Rolls-Royce was just the sort of car Rolls had been."

Police personnel at the reluctant to discuss the "hatchbacks" or figures which show 1975 Rolls-Royce sold in Italy making that its largest European market last year. The figure was 50.

Police sources in Turin say they will be even more. On the other hand, Peter, managing director of Rolls, is reluctant to say of the spring to over. He points out that at the Rover 3500-

have only recently started to arrive in sufficient numbers to meet demand. He does say, however, that armoured Rovers are selling for twice the price of standard models—and that is damn good business.

In the first quarter of this year sales of all Leyland models increased by 18 per cent compared with the same period last year.

Philip Nallon, reader in management studies at the University of Surrey, is amazed at the lack of statistics about tipping. Stories about about people being given Rolls-Royces and substantial legacies—and £10 notes torn in half to ensure good service—but the secrecy surrounding the practice has, he seems, made it impossible to collect much reliable information.

Hence Nallon's call in the present issue of the Hotel Catering and Institutional Management Association's Review for an immediate programme of research. Attitudes to tipping are hopelessly confused. Most of the public disapprove of it, but 96 per cent do it, 60 per cent even adding tips after they have paid a service charge. Waiters almost unanimously mention tipping as a characteristic of the ideal customer, yet they claim to dislike large tippers.

Nallon concludes that if tips are to be an incentive to better service, they have to be on top of an adequate basic wage.

"Newspapers" should be given guidance on how much they should tip and management should ensure that tips are shared among small groups of staff. Otherwise, he suggests, tipping leads only to arguments.



"Send it back—the numeracy's appalling."

John Stenson, sales director of Blacks Camping & Leisure, claims complete success in persuading his company's directors and managers to get out of their shops and offices and on to the Yorkshire moors for a couple of days next week. It won't be a picnic, though. The forty or so men, whose average age is 35, are to tackle a hike from Osmotherly to Ravenscar which will involve them cooking their own meals and sleeping under their own canvas. They will try to emulate Stenson's earlier feat of completing the 42-mile "Lyke Wake Walk" in less than 24 hours. Stenson naturally hopes the experience will improve the company's sales pitch. He also expects to raise-through sponsorship—a tidy sum of money for the retail trade charity, Cottage Homes.

Peter Lowe, a director of Radland Technology, recently returned to Britain after his fourteenth visit to one of the world's newest and least known capitals, Dodoma in Tanzania. His next visit should follow shortly, because yesterday Radland announced that it has won a £1.5m contract to establish a quarrying company to produce aggregates for the building of Dodoma. Lowe, who went into construction by way of petrochemicals (with Matthew Hall) and brewing (Watney Mann) admits that up until recently progress on Dodoma has been slow. The decision to transfer the seat of government from Dar es Salaam was taken in 1973 and the Capital Development Authority envisages a city of some 350,000 people by the end of the century. Dodoma, until recently a town

of some 40,000 people, was first identified as the potential site for a capital by the Germans when they occupied east Africa. Lowe explained. He hopes that another factor which will be given to the project when President Nyerere moves to a new residence near Dodoma. Lowe first visited the town in 1975 when Radland began to advise the development authority on the availability locally of building materials.

Turning a catchy television jingle lasting about 29 seconds into a single record lasting three minutes is apparently not easy, but it can be profitable. David Dundas wrote the jingle for Brutus jeans, but was unable to inflate the music to the length the recording companies wanted. Another composer was called in to help and he managed to do it, Jeanson subsequently reaching third place in the British charts.

Encouraged by that success, Air-Edel Associates, the music production house which provides many of the best known jingles for the natural breaks, has set up a special projects division to capitalize on its stock-in-trade. The translation of jingles into hit singles started with the Coca-Cola advertisement which became I'd like to teach the world to sing. Since then Martin's theme has had some success as Dancing Easy and You're Fabulous, Babe sold 100,000 copies before the BBC broke the fact that the last word of the jingle was not an intimate form of address but a perfume.

Kenneth Owen, Technology Correspondent

## New waves of energy



A Cockerell raft being tested on the Solent, showing the hinge effect caused by the motion of the waves (the principle is illustrated in the diagram). A series of operational trials stretching over 15 miles might generate the equivalent of a 500-megawatt power station.

obtain energy, either by a gearing system or via hydraulic rams which in turn drive electric alternators.

In an operational system a single raft (about 100 metres long and 50 metres wide) might generate two megawatts of electricity according to Wavepower estimates. A series of rafts stretching over a length of 15 miles, and five to 10 miles offshore, might provide the equivalent of a 500-megawatt power station, with the power being taken ashore via seabed cables to connect with the national grid.

The three other main wave-energy projects which are being supported by the Department of Energy are at Edinburgh University; the National Engineering Laboratory at East Kilbride; and the Hydraulic Research Station at Wallingford.

At Edinburgh the so-called "Salter duck", a type of oscillating wave device by Stephen Salter, has been extensively tested in laboratory wave-tank.

In an operational system strings

of "ducks" would be mounted on a long spine. Complete assemblies will be tested to a new tank at Edinburgh in which waves can be reproduced.

In parallel, Sea Energy Associates at Lanchester Polytechnic have also been testing Salter duck systems and have gained information on wave conditions, stresses in the spine and power output. One-tenth scale spine trials on Loch Ness began last summer and this programme will be resumed shortly with a 50-metre string of ducks.

At the National Engineering Laboratory a Japanese innovation based on an oscillating water column is being developed. This arises from work on floating breakwaters in Japan in which a Commander Masuda found that wave height could be significantly lessened if the breakwater was in the form of an inverted box and the wave motion inside the box was made to force air into and out of holes in the top of the box.

One-fifth scale tests at

East Kilbride have shown good efficiency over a wide range of wave conditions. Other work has included tests of a long array of units at the National Maritime Institute and advanced computer modelling of the actual structure.

At the Hydraulic Research Station Mr. Russell, station director, has proposed the "Russell rectifier", a structure of high-level and low-level reservoirs. The reservoirs are separated from the sea by non-return flaps which let waves drive sea water into the high reservoirs and out of the low ones. The Russell device would not float on the surface but would sit on the sea bed. Main design areas being tackled at present include attempts to reduce the size of the overall structure in general and of the flaps in particular.

These four projects fall into two main categories. Those of Cockerell and Salter each include conversion from mechanical to electrical energy via an

intermediate hydraulic step, while the other two go directly from the motion of water to the flow of water, or of air, through a turbine. Each approach brings both benefits and problems.

A fifth project has also been supported in recent months by the Department of Energy. This is the Vickers wave energy converter, based on submerged air reservoirs attached to U-shaped ducts which are open to the sea. The geometry of the design is such that the wave motion is in effect amplified by the resonant oscillation of sea water in the duct. One way of tapping this energy is to use the water to drive a conventional low-pressure turbine. Another is also collaborating in a Masuda-type project with Japan, the United States and Canada under International Energy Agency auspices.

Whatever design approach proves to be the best—and the next stage of development, Mr. Eadie indicated, will be more expensive as wave power moves out from the laboratory into the real world of heavy engineering—Sir Christopher Cockerell is convinced of the real need and the enormous sustained effort that will be required to meet it.

Development will be a long-term effort, as models are progressively improved. And, if the country takes wave power seriously, follow-on production will continue for 20 years or so. Spending of perhaps £500m a year is implied and a total number of rafts (or other devices) of, say, 30,000.

Among the various "heavenly" sources of energy that are now being investigated wave power has a particular attraction for the United Kingdom. The seas around the extremities of the British Isles are highly energetic and, unlike solar power, the supply is well matched to the demand, as the strong winter seas correspond with the higher seasonal consumption of electricity.

## Hongkong: optimism tempered by realism

### Roger Berthoud

Hongkong remains very competitive in this field.

Physical restraints, like the shortage of land and water and a home market of under five million people, rule out medium to heavy industry.

Hongkong is unlikely to produce cars, motorbikes or washing machines, but already produces electronic parts for all three.

Hongkong's exports are built on the ability of its businessmen to deliver the right goods at the right speed to the specification of foreign buyers. To see the progress in action in a traditional field, I visited Lo's Mee Kwong Garment Factory near Kowloon.

The company started in 1954

with a couple of dozen sewing machines, and now employs 2,400 people, mainly women, in four factories. They make about 100,000 dozen jeans a year, and the same number of shirts monthly. The United Kingdom (mainly importers in London and Manchester, and C & A) takes 30 to 40 per cent. Other big markets are the United States, the Middle East—growing fast—and West Germany.

Mr. Rickey Lo, one of seven brothers directing the firm, said they were visited two or three times a year by foreign buyers, who gave their detailed specifications for deliveries. The Los in turn kept in touch partly by studying western fashion magazines and partly by visiting their main markets once or twice a year.

On the eight floors of the

two-year-old factory the girls seemed placidly content as they endlessly stitched the same part of a shirt or pair of jeans on their sewing machines. The old ladies snipping off loose threads looked rather less happy. The end products were impressive both in styling and workmanship.

The girls earned about £120 a month, working an eight-hour day, with an hour off for lunch; not bad for Hongkong, where some 50 per cent of accommodation is government-built and at modest rents.

It was not a big operation by Hongkong standards. But it had played its part efficiently in raising Hongkong's exports from some £200m in 1964 to £9,000m last year—a typically dramatic statistic in this astonishing colony.

# Mowlem

International Construction Group

## Results for the Year 1977

Subject to Audit

	1977 £'000	1976 £'000
Turnover		
Group	124,417	109,151
Share of Associates	21,135	11,080
	145,552	120,231
Profit before Associates	4,448	3,729
Share of Profits (less losses) of Associates	1,677	522
Group Profit before Taxation	6,125	4,251
Taxation—Current	1,328	
—Deferred	1,720	
	3,058	2,264
Group Profit after Taxation	3,067	1,987
Dividends	987	424
Retained Profit	2,080	1,563
Earnings per share calculated on the weighted average shares in issue in 1977 (1976 restated for 1977 scrip issue)	20.59p	15.27p

- Turnover (including eight months of McTay) reached £145 million, of which overseas amounted to £40 million.
- Record Group profit (including share of Associates) £6,125,000, up by 44 per cent.
- Current taxation represented an effective rate of 22 per cent.
- Earnings per share up by 34.8 per cent.
- A final dividend of 5.0p per share net is proposed, making a total of 6.5p net for the year (equivalent to 9.8p gross). This represents an increase of 99 per cent on shares held before the scrip issue of 1 for 2 in June 1977 or 33.3 per cent after the scrip issue and the placing of a material number of new shares. This increase has Treasury consent.
- The dividend is covered 3.11 times.
- Outlook—United Kingdom margins likely to be affected by past and present Government cutbacks and by bad weather in 1978. Overseas current margins are satisfactory, but competition from Far Eastern contractors is growing.

The Annual Report will be posted to Shareholders on 29th May, 1978  
The Annual General Meeting will be held on 14th June 1978 at the Registered Office,  
Westgate House, Ealing Road, Brentford, Middlesex TW8 0JZ.

# Mowlem

John Mowlem and Company Limited



# FINANCIAL NEWS AND MARKET REPORTS

## Stock markets

### Sterling slide takes its toll

Growing concern about the weakness of the pound giving rise to a fresh wave of speculation that interest rates may start to rise again in the near future sent both gilt-edged and equity prices sharply lower.

News that the long "tap" had quickly run out brought a brief spell of enthusiasm but it was not sustained and not even strong opening on Wall Street was enough to stop the day's slide. By the close the FT Index was 6.8 lower at 454.8, its lowest level of the day.

Dealers are concerned that the recent fall in the value of sterling has not prompted a corresponding demand for the major exporting companies, in effect most of the "blue chips".

With institutional liquidity building up many feel that the London market may "do a Wall Street" fairly soon and that when it does this situation will be rectified.

Though not entirely unexpected, Turner & Newall's 532m rights issue and gloomy outlook had the shares slumping 13p to 173p after touching a "bottom" of 170p. Most felt that this fall accounted for at least one point off the index.

A return to dividends next year is expected to be announced by Ultramar at its meeting in three weeks' time. At a James Capel lunch this week the group told institutions it had arranged a new \$75m loan to replace an existing facility maturing in 1980, which has been replaced by scrips for a number of years. Returns from Indonesian gas are another factor in this and the shares have jumped 20p to 240p this week.

Gilt's closed at their worst levels of the day, up to half a point lower, in front of two possible new "tap" stocks today.

The long Exchequer 10½ per cent 1995 was sold out yesterday within 10 minutes of the opening at a price of 87. It is thought by some dealers that the Government Broker stopped at this level and that the "tap" was not completely exhausted.

Elsewhere in long the market remained steady throughout the morning but drifted easier in the afternoon to close about 50p down on the day.

Shorts also had a dull day with little activity before lunch. However, a few fairly large shares came into the market in the early afternoon and most stocks closed on the bottom with losses of up to three eighths.

The new traded options market, which comes into being

this morning, is expected to get off to a slow start. Dealers anticipate that investors will wait to see how the system operates before venturing their capital.

Among the leading industrial Plessey lost 4p to 95p after news that an aircraft landing system contract which the company had high hopes of winning had gone to America. But many dealers felt that the reaction was rather overdone as Plessey stands to gain valuable work from "spin off" contracts.

News that Glaxo is to market in this country a new "wonder drug" with a wide range of uses came too late to help the shares which slipped 8p to 52p.

ICI dipped 5p to 337p showing no resistance to the market trend after the previous day's meeting while Dunlop held up comparatively well, losing just a penny to 79p after figures which were in line with most expectations and much better than some had feared. The one complaint was a lack of information about the tyre business in Europe which has had a less than happy time.

The one "blue chip" which did not move was Unilever at 498p. This was rather surprising on a day which saw a Price Commission report on animal feedstuffs, an area in which the group has a marginal interest. The report made references to the possibility of price fixing

in the industry and against this background both Unilever and White & Carter slipped 2p to 221p and 118p respectively.

News that the United States is to auction 300,000oz of gold every month for the next six months at least helped the dollar to go better but put a downward pressure on gold shares.

Anglo American at 303p, Consolidated Goldfields at 167p and De Beers at 329p lost up to 7p while West Drift at 116p and Free State Gold at 114p also drifted easier. Of the marginal Libram lost 36p to 424p, Kloof went 23p easier to 428p and Harmony slipped 20p to 277p.

Insurance shares also went easier. Leslie & Godwin returned from suspension 3p down at 90p following news that the American offer had been voted while Matthews-Wrightson lost 5p to 185p and C. & Heath at 258p and C. T. Bowring were a penny or two easier.

Against the trend Alexander Horwood at 167p and Sedgwick Forth at 380p marked time on the day. Of the composites General Accident at 206p, Phoenix at 245p and Guardian Royal at 212p slipped 2p and Prudential at 141p and Royal at 357p went 3p easier.

Of the bid stocks, the formal offer document for 900,000 shares at 140p was added 2p to the shares at 118p while Midland Leathro marked time at 71p. Another West of Scotland group, Dawson International, continued its upward climb adding 6p to 118p on speculation of a bid. Market chatter of a takeover on the way for Chubb added

4p to the equity at 135p while De La Rue, the speculated takeover target, slipped 5p to 260p.

"Bear" closing on Cavendish Holdings caught the jobbers short of stock and the shares added 5p to 125p while Heywood Williams, a recent firm stock, eased back a half penny to 89p.

Hampton Gold continued to shoot ahead adding 12p to 124p after news of CCP's 17 per cent stake which started the bid hopes while another stock thought to have bid potential, Sathely Parke Barnett, climbed 7p to 254p.

Recovery in Lindsay & Williams continued. The cable cover and the dividend last year profits in 1976, and a should soon report 1977 profits of around £150,000 against less than £50,000. The group paid a net dividend of 1p for 1976 after a 3.6p in 1974. The shares are 40p.

Strong profits and a scrip listed Harland & Wolff Motors up to 185p and another to benefit from trading news was erwin takeovers stock, Martonair, which jumped 13p to 160p.

Equity turnover on April 19 was £68.73m (14,307 bargains). Active stocks yesterday, according to Exchange Telegraph, were: Marks & Spencer, ICI, GEC, Barclays Bank, BP, Bechtel, Plessey, Burnham Oil, Shell, Grand Metropolitan, Woolworth and Dawson International.

## Latest results

Company	Sales	Profits	Earnings	Div	Pay	Year's
	£m	£m	per share	pence	date	total
Int of Fin	1.07 (0.85)	1.07 (0.85)	2.64 (2.11)	2.64 (2.11)	26/5	4.36 (3.51)
Chym (Hdgn)	10.19 (8.01)	10.19 (8.01)	3.19 (2.46)	3.19 (2.46)	26/5	4.77 (4.23)
Coral Diagonit	2.11 (1.34)	2.11 (1.34)	2.77 (3.16)	2.77 (3.16)	—	6.0 (4.0)
Coral Leisure	2.17 (1.61)	2.17 (1.61)	3.25 (3.00)	3.25 (3.00)	11/7	3.35 (3.0)
James Cream	10.89 (8.36)	10.89 (8.36)	3.08 (2.74)	3.08 (2.74)	11/7	6.46 (6.01)
Dunlop Htdgn	1.26 (0.91)	1.26 (0.91)	2.81 (2.55)	2.81 (2.55)	5/7	6.26 (5.60)
Gen Scot Int	3.14 (3.08)	3.14 (3.08)	1.85 (2.0)	1.85 (2.0)	—	2.21 (1.5)
Hawker-Morris	3.43 (3.17)	3.43 (3.17)	4.67 (4.22)	4.67 (4.22)	—	3.3 (3.2)
Heriot	57.05 (53.43)	57.05 (53.43)	4.14 (3.85)	4.14 (3.85)	4/7	33.0 (24.33)
Joseph Holt	3.38 (2.78)	3.38 (2.78)	1.51 (1.29)	1.51 (1.29)	—	7.26 (5.55)
Holyrod Rbbs	0.43 (0.40)	0.43 (0.40)	26.0 (19.81)	26.0 (19.81)	1/7	—
Haking (Bell)	0.12 (0.13)	0.12 (0.13)	0.94 (0.55)	0.94 (0.55)	—	—
Intermar Prop	0.13 (0.77)	0.13 (0.77)	0.75 (0.11)	0.75 (0.11)	1/7	—
Kwint	2.87 (2.51)	2.87 (2.51)	4.37 (3.26)	4.37 (3.26)	3/7	7.37 (5.58)
Lead Ind	6.56 (5.22)	6.56 (5.22)	2.42 (2.17)	2.42 (2.17)	2/8	4.08 (3.65)
Leathro	14.5 (11.9)	14.5 (11.9)	3.18 (2.5)	3.18 (2.5)	—	4.47 (4.06)
Leathro	14.5 (11.9)	14.5 (11.9)	1.75 (1.59)	1.75 (1.59)	19/5	—
Leathro	14.5 (11.9)	14.5 (11.9)	5.0 (3.2)	5.0 (3.2)	1/7	6.5 (3.2)
Leathro	14.5 (11.9)	14.5 (11.9)	2.85 (2.55)	2.85 (2.55)	—	2.85 (2.55)
Leathro	14.5 (11.9)	14.5 (11.9)	5.36 (4.86)	5.36 (4.86)	—	—
Leathro	14.5 (11.9)	14.5 (11.9)	3.30 (3.0)	3.30 (3.0)	22/6	—
Leathro	14.5 (11.9)	14.5 (11.9)	14.00 (12.72)	14.00 (12.72)	7/6	—
Leathro	14.5 (11.9)	14.5 (11.9)	1.1 (0.9)	1.1 (0.9)	30/6	—
Leathro	14.5 (11.9)	14.5 (11.9)	5.83 (5.29)	5.83 (5.29)	1/6	—
Leathro	14.5 (11.9)	14.5 (11.9)	2.49 (2.23)	2.49 (2.23)	3/7	—

Elsewhere in business news dividends are shown on a gross basis. To establish gross multiply the net dividend by 1.15. Profits are shown pre-tax and earnings are net. A for 9 months, B for 17 months, C Less, D Net Profit.

## Release of oil for prime uses urge Shell T'nsps £1m

By Christopher Williams  
Mr. Michael Pocock, director of Shell Transport and Trading, has added his voice to a growing chorus of oil industry sources that oil for "load" use such as electricity generation.

In his annual report to shareholders, Mr. Pocock has added his voice to a growing chorus of oil industry sources that oil for "load" use such as electricity generation.

"If we can achieve this, it is no reason why there should be sufficient oil for the 'prime' purposes of the 'next century'," he says. "It means, however, that the sources of energy are developed now if they are ready when they are required and so releasing its prime uses."

The Royal Dutch accounts reveal that the company's oil reserves are sufficient for the next 10 years. The company's oil reserves are sufficient for the next 10 years. The company's oil reserves are sufficient for the next 10 years.

## Clive Discom jumps 60pc

With its March year-end results, Clive Discom has less than 10p to spare from the 10p target set for the year. The company's share price has risen from 10p to 16p in the last 12 months.

# "Building on sure foundations"

Statement by the Chairman, Mr. Ronald Taylor

Twelve months ago my predecessor, Julian Faber, reported an especially favourable year, a substantial cause being the decline in sterling. 1977 saw a sustained recovery in our currency and this has reduced the flow of abnormal profits. Nevertheless, pre-tax profits show a solid increase of almost 20% over those for 1976—£19.56 millions compared with £16.32 millions.

The last three years have been a period of great change for the Company. In 1975 we opened our Ipswich Country Head Office and closed our Southend offices in consequence. In 1976 we became a quoted Company. In 1977 we moved from Leadenhall Street to Trinity Square. Much management time has been spent and substantial expenses incurred.

## Better Service

Already we feel the benefit of better service and increased productivity at Ipswich and we are starting to gain the advantages of the move to Trinity Square. In the short term, the very large expenditures due to these changes are a significant drag on profits; in the longer term, ownership of two such freeholds will be greatly to our advantage.

During these changes we have deliberately delayed further necessary improvements in our systems which are now being undertaken at heavy cost, to be spread over 1978 and 1979. Such expenditure is needed to give the best and speediest service to our Clients and the Market. We expect this to be the last of a series of planned steps to take us into the 1980s in the most competitive and efficient stance.

Our emphasis, past, present and future is on quality. First class service is expensive. Our self-imposed standards as to the quality of Markets we use for placing business have, at times, cost us apparently profitable opportunities. The Market has not been

severely tested since the mid-60s. The consequences of a major disaster, such as an earthquake or hurricane in a heavily developed area, could affect international markets particularly at a time of economic recession. Reliance on the best security has never been more important.

## Morgan Grenfell

Our Associated Companies have produced 22 per cent of our profits at £4.33 millions. The performance of Morgan Grenfell was most gratifying and our Associated Companies in South Africa, Australia and Canada increased their contribution. However we do not expect increases from these sources in the current year.

During 1977 Associated Companies in France, Iran and Dubai were established. We opened a subsidiary in Hong Kong and a Representative Office in Saudi Arabia.

## The Future

Julian Faber became Chairman in 1972 and under his leadership the pace has been fast. In 1978 we are at the stage of consolidating our gains. Already we are planning our next advance. We have the most loyal and devoted staff, not least in Ipswich where frequent change, due to systems improvements, could be unsettling but instead seems to be viewed as a fresh challenge.

The outlook for the current year is less promising than for several years past. World trade is sluggish and this has a particular impact on Marine insurance upon which we have a significant dependence. Interest rates generally are lower and we have the substantial extra expenses on premises and Systems Development to which I have already referred. For these reasons we do not anticipate the growth in profits of the last few years but we are building on sure foundations without the distractions recently attendant upon our efforts.

## SUMMARY OF RESULTS

	1977	1976
Profit before tax	£19.6m	£16.3m
Profit attributable to shareholders	£9.4m	£7.2m
Earnings per share	21.85p	18.83p
Dividends per Ordinary Share (1976 implied equivalent)	9.0p	7.5p
Net tangible assets	£34.6m	£28.9m



# Willis Faber Limited

Ten Trinity Square, London EC3P 3AX

Copies of the Report and Accounts for 1977 are available from the Secretary.

# 1977. A CONSTRUCTIVE AND SUCCESSFUL YEAR FOR FRIENDS' PROVIDENT.

Highlights from the Statement by Edwin W. Phillips, MBE, Chairman of Friends' Provident Life Office

## UNITED KINGDOM AND REPUBLIC OF IRELAND

### New Business Results

Our marketing strategy resulted in a 64% increase in new premiums from sales of new individual life, pensions and permanent health insurance policies.

Income from sales of ordinary life assurances rose by 39%, whilst that from sales of individual pension policies to self-employed persons, directors and executives increased by 154%.

Due to the adverse economic climate in the United Kingdom at the beginning of 1977 production of new business started slowly. However the impetus increased as the year progressed and I am glad to say that the high levels of production achieved in the latter months of 1977 are continuing in the current year.

### Terminal Bonus

The substantial improvements in the capital value of the investments of the Office enabled us to increase the rate of terminal bonus on United Kingdom and Republic of Ireland life assurance policies from 20% to 25% from 1st January, 1978. Friends' Provident Managed Pension Funds Limited

In response to growing interest we have established this company, primarily to provide an investment service for our larger pension scheme clients.

Our highly successful record in the management of investment funds is evidenced by the results of our Unit Trust which, since it was established, has outperformed the Financial Times All Share Index by a substantial margin, and by our outstanding record of bonuses paid to with-profit policyholders.

In the short time the Company has been operating it has aroused considerable interest.

### Computerised Systems

The ultimate objective of having a fully integrated real-time computer system to deal with the administration of our ordinary life and permanent health insurance business in Head Office and the Branches is now in sight. By the end of the year GLADIS, will almost certainly be the most advanced life assurance computer system in Europe.

## OVERSEAS

### Australia

The amalgamation of the Life Assurance Fund of the Equitable Life and General Insurance Company Limited with our own has considerably strengthened our organisation, placing it in the first ten in Australia.

### Canada

In Canada our subsidiary, Fidelity Life Assurance Company, had a very successful year resulting in a substantial contribution to surplus.

### INVESTMENT

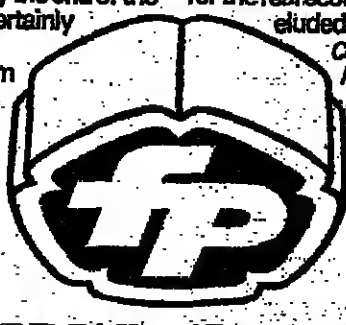
1977 was a year of steady increase in investment values. The applied fund categories in our investment portfolio, and as a result the Reserve shown in the balance sheet has risen from £5.4m to £16.3m.

A major event in the year was the acquisition of The Land and House Property Corporation Limited. It is already clear that the timing of the acquisition was most opportune.

During the year we made net investments of £47m in the U.K., including the acquisition of Land and House, to show an initial yield of 13.3%. Fixed interest investment absorbed £24.5m, of which £3.5m arose from net mortgage repayments. Net additions to the ordinary share portfolio amounted to £1m and direct investment in property £1.6m. The yield increased from 10.18% to 10.38% on a fund which rose from £506m to £594m.

There is, as yet, no sign of the much needed improvement in industrial production in the U.K. However, the lowering trend of the rate of inflation gives cause for some optimism. If this is continued and the psychology of ever increasing rates of inflation purged from the system, we will have lower long-term rates of interest which will provide not only a firmer base for equity and property prices, but the incentive for capital investment from which rising industrial production will come. With continuing balance of payment surpluses arising from North Sea Oil, we will thus have the opportunity for the real economic growth which has eluded us for so many years past.

Copies of the full Statement and Report and Accounts for 1977 may be obtained from the Secretary at the address below.



FRIENDS' PROVIDENT LIFE OFFICE  
HEAD OFFICE AT POXHAM END, DORKING, SURREY, RH4 1QA.



**Minet Holdings Limited, Minet House, 66 Prescott Street, London E1 8BU.**







مجلسه اول

§ Forward bargains are permitted on two previous days

§ Forward bargains are permitted on two previous days

[illegible]



















